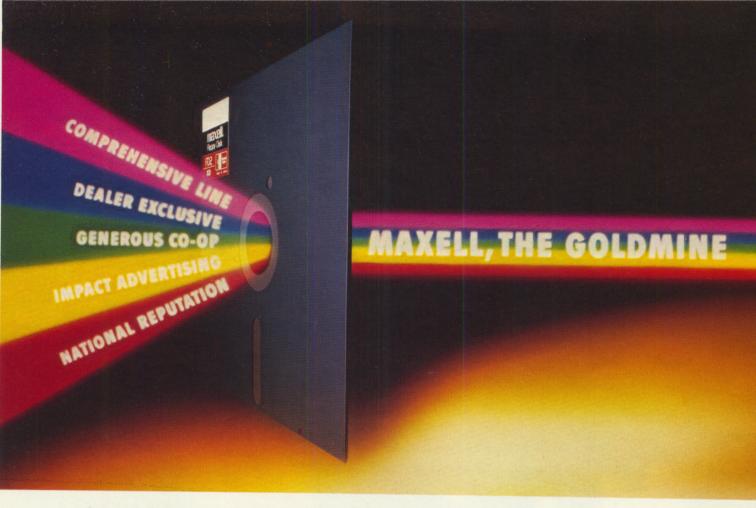
SOFTWARE TWO DOLLARS MERCHANDISING

Those Incredible Controllers

SOFTWARE TAKES OFF

Educational Software Enters





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MICRO D

THE DISTRIBUTOR WHO DOES MORE FOR YOUR MONEY

SOFTWARE MERCHANDISING

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COMPUTERS

Software Takes
Off

A new nation of computer software retailers is taking shape. Merchants of other descriptions are also adding computer software of varying types.

Software Forecast—

The new year will be volatile with respect to entertainment, educational, personal productivity and business software. Trends in each category as well as insights from financial analysts are outlined in-depth.

American's Love
Affair With Games

Ever wonder why the U.S. has videogame and personal computing fever? The cultural, sociological, and psychological implications are discussed in this "computing of America" analysis.

EDUCATION

Educational Software Enters

The major hardware manufacturers—Atari, Commodore, Texas Instruments—and others have their sights set on educational computing software.

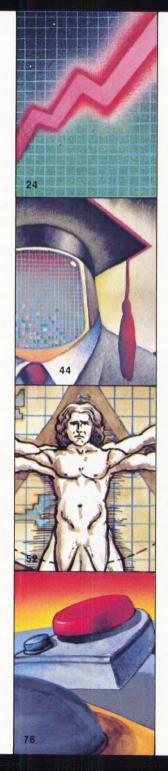
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Think arcade games and arcade-to-home graphics are pretty good now? You ain't seen nothing yet!



SOFTECH

Compact Disk:
The Software Side?

The digital audio disk has arrived! Certainly it will impact the hi-fi and record industries. Will it have any applications as a computer storage medium?

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Many Happy Returns

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Bookstore Goes
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Naturally, Silicon Valley bookstores are near the heart of the new wave computer software evolution. At least one influential outlet there—B. Dalton—is dabbling in software and software-related books and is cashing in the "chips."

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Cover Art George Abe

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MERCHANDISING

Publisher's Note

When historians look back upon January 1983, they may well remember it as the true turning point for the personal, home computer and home software industries.

Personal computers racked up sales approaching two million in 1982. Depending on who you talk to (manufacturers, financial analysts or retailers) or what you read (Time, Fortune, Business Week or Forbes), it seems pretty clear that 1983's figure will be at least triple that! And that is really just the beginning. Basically we are talking about the U.S. domestic market. In the next two years, both the personal computer hardware and software markets will begin to explode internationally with dramatic proportions. The potential on all sides of the spectrum—manufacturers, distributors and retailers—is near mind-boggling.

All these consumers (and let's not forget the already established business computer buyer) will have machines that need to be "fed" over and over again.

That brings us straight to the issue of recreational, educational and personal enrichment computer software.

1983 should see a plethora of new companies on every level issuing home software. You'll see the movie studios continue their plunge into video game and entertainment computer software. You will see smaller companies enter the fray. You will see companies of virtually every description making home software packages. And industry seers predict retail dollar volume for software in 1983 is expected to approach a whopping \$1.8 billion. And that projection may be on the low side!

But it would be a big mistake to think this is all going to go the way of computer games. Sure, recreational entertainment software will account for a lion's share of the action, but other forms of home software—educational, personal productivity and low-end business—will also blossom into major software categories for the home.

Another major phenomenon set to take off in 1983 is the true birth of a nation of computer software specialty stores. And other forms of retailers—bookstores, record stores, department stores, chain toy stores, mass merchandisers and others will all be carrying computer software to some extent as well. Not each, of course, will be able to do "all" the software market. More likely, what will occur is varying levels of specialty focus by these different types of retailers, a key point that's made in this issue's cover story "Software Takes Off."

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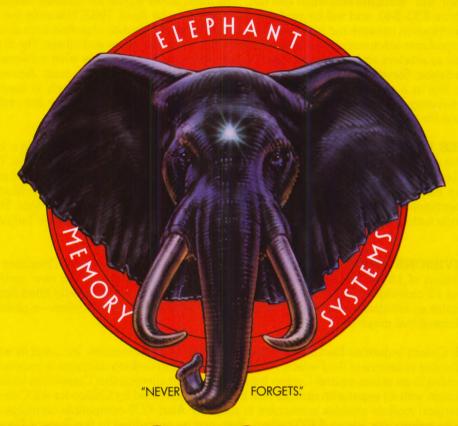
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REMEMBER



MORE THAN JUST ANOTHER PRETTY FACE.

Says who? Says ANSI.

Specifically, subcommittee X3B8 of the American National Standards Institute (ANSI) says so. The fact is all Elephant™ floppies meet or exceed the specs required to meet or exceed all their standards.

But just who is "subcommittee X3B8" to issue such pronouncements?

They're a group of people representing a large, well-balanced cross section of disciplines—from academia, government agencies, and the computer industry. People from places like IBM, Hewlett-Packard, 3M, Lawrence Livermore Labs, The U.S. Department of Defense, Honeywell and The Association of Computer Programmers and Analysts. In short, it's a bunch of high-caliber nitpickers whose mission, it seems, in order to make better disks for consumers, is also to

make life miserable for everyone in the disk-making business.

How? By gathering together periodically (often, one suspects, under the full moon) to concoct more and more rules to increase the quality of flexible disks. Their most recent rule book runs over 20 single-spaced pages—listing, and insisting upon—hundreds upon hundreds of standards a disk must meet in order to be blessed by ANSI. (And thereby be taken seriously by people who take disks seriously.)

In fact, if you'd like a copy of this formidable document, for free, just let us know and we'll send you one. Because once you know what it takes to make an Elephant for ANSI...

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SOFTRENDS

SCHOLASTIC SOFTWARE: Scholastic, Inc., one of the oldest and largest publishers of childrens magazines and books is moving into educational computing software. The company maintains that the series, initially consisting of eight programs to be compatible with Apple II, Atari 800, Texas Instruments 99/4-A and Commodore VIC home personal hardware, will "combine education and fun." The initial series will be for children ranging in age from 8–14, ranges in price from \$30–\$40, and will be available for distribution by April, 1983. Naturally, the company will use its own bookstore distribution network but is also looking at such other distribution channels such as computer hardware/software stores, consumer electronic stores, department stores, chain toy stores and others. The firm also plans to color code the software so retailers and consumers alike will be able to tell immediately what software package marries to what type of hardware. Steve Gass at Scholastic is the project manager for the program. Among some of the initial titles: Microzine, first in a series of disk-based magazines; Turtletracks, a fun approach to teaching children about computer programming; and Electronic Birthday, where the master of ceremonies for the children's soiree is the computer. Anyone for electronic pin-the-tail on the donkey?

SOFTSEL DOES EUROPE: Softsel Computer Products, Inc., believed to be the world's largest distributor of personal computer software, has launched a full scale warehouse and sales operation in Europe. The new facilities are located outside London, near Heathrow Airport, and the operation will handle sales of Softsel products in the U.K., France, Germany, Italy, the Netherlands and Spain. Heading the European operation is Herb Blumstein, who formerly directed implementation of Control Data Corp.'s Plato Training System in the Israeli Air Force. Still more Softsel: The firm has added to its nationwide sales force by opening district sales offices in four key cities, Tampa, Boston, Dallas and San Jose.

VECTREX ENVISIONS MORE SOFTWARE: Santa Monica, Calif.'s, General Consumer Electronics, Corp., GCE, now a division of Milton-Bradley based in Springfield, Mass., announces six new cartridges to its already established line of 12 cartridges for the Vectrex machine. The cartridges are tentatively titled *Spike*—a talking game that does not require an interface—*Fortress of Narzod, Action Soccer, Flip Out, Bedlam*—a pinball game—and *Web Wrap*—with 3-dimensional graphics.

LEGAL NEWS: Coleco Industries filed a claim against Warner Communications, Inc., and its wholly-owned subsidiary Atari, Inc., alleging violations of the Federal Anti-Trust statutes and seeking damages in excess of \$500-million. The suit is a counter claim to an action against Coleco instituted by Atari alleging that Coleco has violated certain of Atari's patents in connection with an expansion module unit being manufactured by Coleco for the Colecovision video game system. The expansion module enables consumers to play any Atari VCS-compatible cartridge on the Colecovision system. Atari, in its action, was asking \$300-million. Both actions were filed in the Eastern Division of the Northern District Court of Illinois, which is in Chicago.

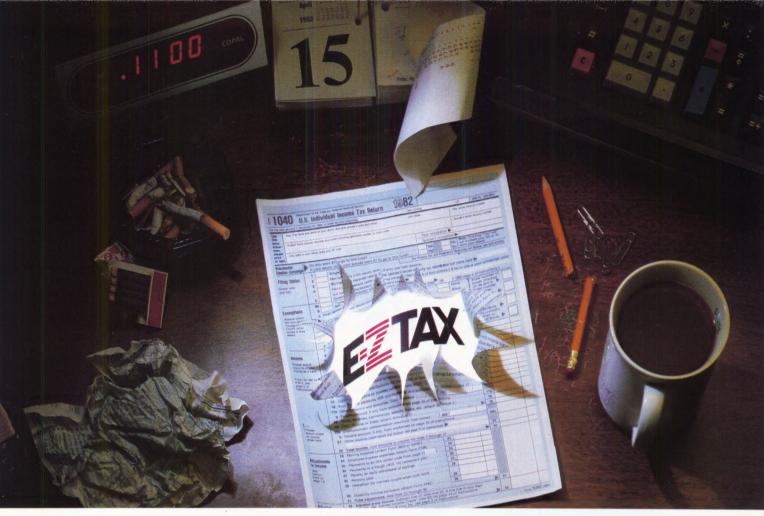
THE 8K EDGE. U.S. Games of Santa Clara, Calif. has developed 8K cartridges for the Atari 2600. The new cartridges will be made available sometime during the second quarter of 1983. A spokesman for the company says that these new cartridges, with their increased memory, will bring better graphics and more action to the Atari videogame console.

LAST MINUTE NEW PRODUCT ENTRIES: Insoft is releasing *Grapple*, 3rd in a series of games written in GraFORTH, the Apple graphics language. Also new from the same firm is *Wordtrix*, the first in a series of educational games for the IBM Personal Computer . . . Magnetic Tape International (MTI) enters the video game business with 12 games in cassette, cartridge and floppy disk configurations. Called *ZiMag*, games released in cassette and floppy disk formats are Atari 400/800 and Commodore Vic-20 compatible, while games issued in cartridge format are Atari 2600, Commodore Vic-20 and Sears Tele-Games compatible. The company is Gardena, CA-based . . . From Hayden Software Company, Lowell, MA, comes *Crystal Caverns* for the Apple II. It's billed as a mystery and suspense game . . Penguin Software, Geneva, IL, brings out *Spy's Demise* on floppy or a 48K Apple . . . GAMESTAR, Santa Barbara, CA, brings out *STARBOWL FOOTBALL*, a highly sophisticated sports game for the Atari 400 and 800. The firm's first release was BAJA BUGGIES, a 3-D road racing game.

NEW ENTRY: SpectraVideo, N.Y., is introducing a \$299.95 base priced modular personal computer system which will be backed by 14 peripheral products and 100 entertainment and educational software programs.

DISCWASHER IS DRIVING: Look for Discwasher, one of the audio industry's major accessories manufacturers to expand its line of computer and video game accessory offerings. Introducing is the Pointmaster[®] Fire Control, which will connect between the computer main frame and the joystick to give the player machine-gun like firing capability; a disk drive cleaner for both 5¼-in. and 8-inch formats, a disk shield; cassette drive mechanism cleaners; and the Pointmaster Pro. Already, the firm makes the Pointmaster[®] joystick available, which is compatible with the Atari, VIC and Sears home computing/game hardware.

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The Tax Break You've Been Looking For!

You Just Found It!

E-Z Tax — the easiest to use tax preparation software ever developed. Now you can do your own tax return without any knowledge of taxes or computer programming.

E-Z Tax's self-prompting questions assure you that nothing is overlooked. The program automatically computes the lowest tax for you.

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1040 EZ	2119
1040 P. 1 & 2	2210
Sch. A	2440
Sch. B	2441
Sch. C	3468
Sch. D	3903
Sch. E	4137
Sch. F	4684
Sch. G	4972
Sch. R/RP	5695
Sch. W	6251
1040 SE	6252
1040 ES	

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Prints on Federal Forms

It's so easy to use, you'll be doing your tax return the moment you insert the 5¼" disk. When you're finished E-Z Tax will print out your information on the official Federal Forms.

ATTENTION DEALERS AND DISTRIBUTORS

Your customers will be seeing E-Z Tax ads throughout the 1983 Tax Season. You should be carrying E-Z Tax software in your inventory to benefit from this exposure.

Get ready for the tax season rush, call E-Z Tax now. It's the hottest selling computer software in history. Point of purchase materials included free. Dealer co-op programs available. 24-Hour dealer referral WATS line.

Call E-Z Tax now for your free fact filled distributor kit.

Very Friendly!

E-Z Tax is user friendly. When you have a question, the program will tell you on what page in the E-Z Tax Guide Book you'll find the answer. If you make a mistake the program alerts you immediately with screen prompts.

We Support You!

E-Z Tax has a toll-free customer service number available 24 hours a day for your convenience.

Never in the history of computer software has there been so much for so little.

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TAX DEDUCTIBLE

Available in the following versions. Apple II (48k), IBM PC (64k), Atari and CP/M.



408/264-1040 800/331-1040 U.S.A. 800/344-1040 CA Spinnaker introduces the first educational software that's compatible with Apples', Ataris', IBMs', kids, parents, and retailers.



The reason retailers haven't been selling a lot of educational software is simply because it's not compatible with people.

Most educational software is not compatible with kids. Because it's boring and repetitious. And because kids don't use it, it isn't compatible with parents. After all, who wants to spend good money for software that never gets used?

So you, the retailer, get stuck with shelves full of software that's compatible with a variety of machines, but not with people. Or profits.

Spinnaker's changing all that.

With a growing line of educational software that's compatible with kids, because they're a lot of fun. And parents, because they're really educational.

Our software is also compatible with you, the retailer, because they'll sell. Time and time again.

How we make learning fun.

January.

All Spinnaker products meet two strict requirements.

First, they all have true educational value. That is, they all help to develop a child's learning skills.

Secondly, all of them are fun. Lots of fun. In fact, our games are so much fun, kids forget they're learning.

Right now, we're offering six titles that are available for immediate delivery: Story Machine,™ FaceMaker,™ Rhymes and Riddles,™ two Snooper Troops™ detective games and Delta Drawing™— a program that's very similar to LOGO's turtle graphics, but costs a lot less. And a new game, KinderComp,™ will be available in

Spinnaker will put wind in your sales.

With Spinnaker, you're not just getting a new vendor. You're getting a whole new market: Educational software that's compatible with fun.

And of all software products, educational software (especially the fun stuff) will realize the most substantial growth in coming months. Why?

Because parents, who put up the money for the games, are tired of seeing young Jack and Jill spend hour after hour destroying alien monsters. Without getting anything out of it.

As a Spinnaker retailer, you'll be ready to take full advantage of the "Mothers against Monsters" movement. And you'll reap all the benefits.

We've launched a major advertising campaign aimed at parents, with four color spreads in consumer magazines. This will help bring customers into your store asking for Spinnaker products by name.

Our packaging will help create impulse sales in your store.

One look at the preceding page will tell you why.

And as a Spinnaker retailer, you'll also get our full support. With four color brochures, in-store displays and posters.

SPHYMAKER

So call your distributor and find out more about Spinnaker products. To talk to us directly, call us at (617) 868-4700 or write

to: Spinnaker Software, 215 First Street, Cambridge, MA 02142. We'll show how we made educational software profitable, simply by making it compatible with people of all ages.



SOFTRENDS

GAMES CHANNEL: The two hottest categories at the recent Western Cable expo in Anaheim, CA were sex and games. The first was Playboy's province as they continue to expand aggressively in the cable direction. But the other was The Games Channel, a 24-hour interactive video/computer game cable channel that's set to be up and running by next September. At the expo, the Games Channel racked up a cool 2½-million subscribers, while at press time the potential subscriber universe was up to more than six million!

BIG NUMBERS: Entertainment services such as video games and premium entertainment services remain the key to mass market acceptance of new electronic media systems and services. That's one of the major conclusions drawn from *New Media Five Year Outlook*, a research report issued by LINK Resources, a N.Y.-based market research and consulting firm. Worldwide expenditure for premium video entertainment (including pay TV, videocassette and videodisk software) exceeded \$2 billion.

RECORD CONNECTIONS: Think record stores are not going to move into computer software in a big way? A lot are in video games already, but Integrity Entertainment in Los Angeles, the parent company of the 140 Wherehouse and Big Ben's stores which are spread out over five Western states, have taken the plunge with computer software. Already in place are pilot programs in several of the stores. And they may go deeper than just "Top 40-like" entertainment software packages. Don't be too surprised if they begin carrying business, educational and personal enrichment software as well at certain locations. Integrity, which is the largest publicly held record chain, got into videocassette sale and rental early on in the game. Other major chains, such as Musicland, are already selling VIC-20 and Atari 400 hardware and software in selected locations. That's a 450 store, nationwide chain. And Nickelodeon, L.A.'s boutique records/tapes/video emporium, has just entered in a big way.

FILM TO COMPUTER: The new Jim Henson (creator of the Muppets) movie, "The Dark Crystal," will have a companion computer game. It's available from Sierra On-Line and the programmer is Roberta Williams, authoress of Wizard And Princess.

CREATIVE COMPANY: Creative Strategies International (CSI), San Jose, CA-based research and consulting firm, has created a software group to provide market forecasts, competitive analysis, contract research and consulting for companies in the software business. Projects include: stand alone studies on markets for microcomputer operating systems, home software, business software, vertical packages and videotex. The group is offering an annual update service to keep abreast of ongoing market trends, including forecasts, strategic information and surveys.

MORE MILLIKEN: Milliken Publishing Company's EduFun! division is introducing several new EduFun! packages. Called *WordFun!* these educational computer games are available for the Atari 400/800. The new games, according to the firm, offer the same combination of educational value and computer-generated fun which the first 12 MathFun! educational computer games offer. Topics covered include: vocabulary development, word structure and spelling.

QUICKLOADING MINDWARE: Mindware, Inc., is introducing a new series of 20 quick-loading software programs for the Timex TS-1000 and Sinclair ZX81 personal computers. The series includes business, engineering and programming software, as well as arcade and intellectual games. Priced between \$9.95 and \$24.95, distribution is targeted through computer retailers and mass merchandisers.

HAYDEN HAS: Hayden Book Company, Rochelle Park, N.J., is publishing *How To Cope With Computers*, what they claim is a light-hearted, yet informative look at how computers affect our daily lives and our future society. At the same time, Hayden is also bringing out *Create Word Puzzles With Your Microcomputer*, this book a collection of puzzle programs that allow a personal computer user to create acrostics, crytograms, word-finds, quote-falls, fall-ins and other word puzzles.

COMPUVISION CUSTOMIZED: CompuVision, the interactive computerized software demonstration system, is being customized for use in Softwaire International Centres retail stores nationwide. CompuVision is San Jose, CA-based, while Softwaire International is a 20-month-old chain of software specialty stores headquartered in Los Angeles.

IT HAD TO HAPPEN: Vestron Video, Stamford, CT headquartered, independent home video distributor, is offering "How To Beat Home Video Games," an original, three-program series on videocassette and videodisk. The series is created with the cooperation of such major suppliers as Atari, Mattel, Activision, Imagic, Coleco, Apollo and Parker Bros. and is written and narrated by Philip M. Wiswell, former editor of *Games* magazine. Each program is one hour, utilizes actual on-screen graphics and sounds and gives inside tips on 20 games. "Volume I: The Best Games" features current and classics for the Atari VCS such as *Space Invaders, Asteroids, Chopper Command, Frogger* and others. "Volume II: The Hot New Games" features new games for the Atari VCS including *MegaMania, Demons To Diamonds*,

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UMI software...a world of choices

A World of Fun! They're hot! They're new! The exceptional graphics and challenging play of UMI's games have made United Microware the leader in arcade-quality recreational software.

A World of Help! UMI has created programs to help professionals and homeowners "take care of business." UMI can make your life a little easier with word processing, information storage, financial management, hobbyist programs, utilities and communication programs — all with easy-to-understand instructions.

A World of Choices! All programs come on cas-

settes or UMI's own durable cartridges, depending on your selection. If you're looking for fun, or for an easier way to manage your personal business, look to UMI... the leader you can trust. UMI products are available at your favorite computer products store.

Dealer inquiries invited.



United Microware Industries, Inc. 3503-C Temple Avenue Pomona, California 91768 (714) 594-1351

SOFTRENDS

Pitfall, Riddle Of The Sphynx and others. "Volume III: Arcade Quality To The Home" previews the new super game systems such as the Atari 5200, ColecoVision and Vectrex. Among games analyzed are Donkey Kong, Cosmic Chase, Zaxxon and Galaxian. Suggested retail price of the cassettes is \$39.95. CED and laserdisk versions will ship in the first quarter. The firm plans a major support campaign and looks for distribution of the product to flow into computer and game hardware/software channels. If successful, according to company vice president Susan Senk, dealers and consumers can later look for home videocassettes and videodisks with tips on computer games.

MOVING AND EXPANDING: Syncro, Inc. has changed its address to 742 Hampshire Road, Unit C, Westlake Village, Calif. It also has expanded its line to include several new games such as Laser Ants[®], Puzzle Panic[®], Astron IX[®] and Cave of The Evil Jinn[®].

COMING THIS WINTER: Datasoft, Inc., Chatsworth, Calif. is licensing Sega's video game Zaxxon[®] for computer use. The company introduces the new game at the Winter CES show in Las Vegas.

FLOPPIES GET LIFE: Maxell Corporation of America, Moonachie, N.J., now provides a lifetime warranty on its complete line of floppy disks. Under the new warranty Maxell guarantees that all of its floppy disks are free from manufacturing defects in materials and workmanship for life.

COMPUTERS IN TODDLER-LAND: Sammy the Sea Serpent, The Adventures of Oswalk, Preschool IQ Builder 1 and 2 are part of Program Design, Inc.'s PDI, based in Greenwich, Conn., Preschool Library of software. These programs help youngsters starting at the age of 3 to learn readiness skills. Letter and number recognition, the concept of same and different, directional concepts, listening skills and eye-hand coordination all receive attention in these funfilled cassettes for the Atari 400 and 800.

AND MORE FOR THE VIC-20: Four new languages and three new games are now available for the VIC-20 through Brisbane, Calif.'s Human Engineered Software. The languages are called VIC Forth, Turtle Graphics, HES Mon and HES Writer. The games include *Tank Trap*, with four levels of difficulty, *Dam Bomber* and *Concentration*, to test one's recall skills.

PLAYBOY'S TURN AT BAT: Hugh Hefner recently told a SM reporter that a Playboy video game could possibly be in the offing. He says he was quite impressed with the Playboy pinball machine made by Bally/Midway a few years ago and video games is one area the company is seriously pursuing. So it came as no surprise to the reporter when Playboy Clubs International, Inc. announced that it plans to design a unit which will house televisions, video systems and cartridge libraries. The portable unit will also be a means of providing other video entertainment, possibly via the Playboy Channel or through Playboy's home video cassettes and discs.

EIA/CEG COMPUTER MENU: The Electronic Industries Association Consumer Electronics Group voted recently to create a computer division. John McDonald of Casio chairs the newly-formed wing.

KONG ACROSS THE WATER: Atari has come to an agreement with Nintendo Company Ltd. of Japan and its U.S. subsidiary, Nintendo America, Inc., Seattle, whereby Atari has been granted an exclusive worldwide license for the development, manufacture and distribution of Nintendo's license *Donkey Kong* and *Donkey Kong Junior* video games for Atari's home computers.

EDUCATIONAL CATALOG: A catalog of all-new computer-based learning materials for use in the classroom, each program prepared exclusively for the Britannica by educators with national reputations in the field, has been published by Encyclopedia Britannica Educational Corp. (EBE). They are Chicago based.

STILL MORE RECORD CONNECTIONS: Music Data of Beverly Hills is offering a selection of pre-programmed musical disks for performance on personal computers. The disks, which carry suggested retail prices of \$14.95 each, are programmed with music information using the Roland Compu-Music system, and come ready for playback. Each disk contains at least 12 different musical selections. Among a few of the titles are: 'Johan Sebastian Bach—Vol. 1," "The Greats Of Ragtime" and "The Beatles—Vol. 1."

NAME CHANGE: Arcadia Corp., the firm with the *SUPERCHARGER* that works with the Atari VCS format, just changed its name to STARPATH. Address is 324 Martin Ave., Santa Clara, CA 95050. Upcoming from the company is its new *Multi Load* games. The firm claims that a *Multi Load* game differs from all other video games on the market because it combines a series of games based on a single theme onto one cassette, similar to chapters in a book. Among initial titles are: *Mindmaster* and *Dragonstomper*. Other titles in the current catalog are: *Communist Mutants From Space, Phaser Patrol, Suicide Mission* and *Fireball,* all for use with VCS via the *SUPERCHARGER*.

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SOFTRENDS

APPLE USES ITS PERIPHERAL VISION: New dot matrix and letter quality printers are now available from Apple Computer, Inc. The letter quality printer is a daisywheel printer with graphics capability. Both printers are fully supported through Apple's dealer network. Also, Apple has embraced the educational software market with 16 computer games, staring those lovable Muppets® and other "Sesame Street" characters. Apple's Joanne Koltnow and colleagues and Children's Television Workshop representatives worked together to create lively sound effects, compelling graphics and bug-free play action for its "Discovery Games," entitled Ernie's Quiz, Instant Zoo, Spotlight and Mix and Match. These games allow youngsters to practice reading, use problem-solving and motor skills, and enhance their eye-hand coordination. For ages 4 to 13, but adults enjoy the play action as well. Finally, Apple has published two new guidebooks—The Personal Guide to Personal Computers and Personal Computers in Business. Both books are about 50 pages in length and cost less than \$3. They were written with the novice computer user in mind.

GAME MANIA SPREADS: Breaking with its steadfast non-licensing policy, Creative Software of Mountain View, Calif. announces the licensing of *Apple Panic*, *Choplifter* and *Serpentine* from Hayward's Broderbund for conversion to Commodore VIC-20 compatible ROM cartridges. Creative Software also plans to start marketing two new games by Tom Griner, author of *Black Hole* and *Astroblitz*. One game entitled *Videomania* is an arcade style game where players fight evil eyes, "walwoker" and the deadly "killer box." In the other game, *Terraguard*, the player tries to gun down the "heeby-jeeby, roving eye, and chomping mouth" while being bombarded with deadly space debris.

CATCH THE FUN AT CES: Milliken Publishing Company's EduFun! division will showcase several new educational computer games at the Winter Consumer Electronics show in Las Vegas. Four new games will be available for the Atari 400 and 800 from the St. Louis company. The first 12 MathFun! games on the Apple II Plus (48K) will be coming onto the market.

SOFTWARE TOY: From the people who brought you *Raster Blaster* comes the first software toy, "The Pinball Construction Set." Bill Budge of Budge Co., based in Piedmont, Calif., reports that the new toy enables a home computer owner to construct and play a personalized video pinball game. No programming knowledge is required to play with this toy. In fact, players do not even have to type commands. All phases are controlled under the instaneous direction of the player. It reportedly became available to Apple II owners at the San Francisco Applefest, November 18 to 21.

IT TALKS OUR LANGUAGE: CP+ by Taurus Software of LaFayette, Calif. allows microcomputer users to control their systems with ready-to-use English language directions instead of CP/M-operating-system commands. It operates on most Z-80-and 8080-based microcomputers which use CP/M from Digital Research, Corp. Softsel Computer products, Inc. based in Inglewood, Calif., will be the first to distribute CP+.

PRODUCT PREVIEW: In Scottsdale, Ariz., Mattel Electronics showed retailers and wholesale buyers its new television-compatible home computer field with a free-standing computer console called the "Aquarius." This unit offers increased capability—reputedly beyond the Atari 400's, Texas Instruments 99/4Å's, Commodore VIC 20's or the Timex Sinclair TS 1000's memory. The company reports maximum memory capability at 52K. Also, in Scottsdale, Mattel demonstrated the Intellivision fully programmble keyboard and adaptor modules which perform regular home computer functions when used in combination with the Intellivision Master Component Video Game Console.

TRON TOPICS: Will the home video version of a movie stimulate its video game equivalent? Walt Disney Home Video just released "Tron" on videocassette, CED and laser videodisk formats. Meanwhile, the "Tron" arcade game from Bally/Midway continues to do well, while the Tomy Corp. makes another "Tron" game available. Mattel Intellivision also makes "Tron" cartridges for its home system. Released to theatres in July, the \$20 million futuristic, computer-animated feature went into its first theatrical re-issue through November 1982. Disney Video plans a major dealer support program to augment the home video movie. Also look for Disney Video to become more heavily involved with video game and computer entertainment/education software.

ZAPPED: One-year-old Games By Apollo, based in Texas, became a video game casualty recently. No, it didn't get hit by a photon laser. Rather, it filed Chapter 11 in Dallas Federal Bankruptcy Court.

SCHOOL PROGRAM: IBM is offering a program of price allowances on selected IBM Personal Computer hardware and software products to qualifying educational institutions.

A BIT TOO AWKWARD TO PROMOTE: The SEGA/Gremlin name has been changed to SEGA Electronics, Inc., mainly because of its awkwardness, reports David Rosen, chairman of the board of chief executives office of SEGA Enterprises, Inc. The subsidiary of SEGA Enterprises, based in Southern California, dropped the Gremlin name to give more emphasis to the SEGA name.

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Quality is under the rainbow for VIC-20, COMMODORE 64, TIMEX-SINCLAIR users.



SALES REPORT

As the dust settles from Christmas sales and New Year's resolutions are nearly forgotten, Software Merchandising asked select record, video and computer-software merchandisers to look into their crystal balls and report what they see for computer-video games in 1983. Generally, the record and video retailers say they see game sales skyrocketing and will prepare for this by increasing their stockpile and adding new lines of software to their inventory. Additionally, some say they plan to begin selling hardware.

As for the computer-software stores, they also foresee an onslaught of game sales. They do not plan to begin selling records or video tapes, though record and video stores seem to be getting deeper into software and hardware product.



"I think in 1983 strategy games will become very popular. People will want such games rather than arcade games," says Ed Chaenwok, salesman in charge of software at Games Unlimited in Pittsburgh, Penn.

In 1982, arcade games sales exceeded sales on strategy games. And while arcade games sales remain up, strategy games like *Dungeons and Dragons* have become bigger sellers there.

This 4-year-old store has been selling software for nearly two years. About 25 percent of its sales is software related. Games Unlimited carries about 500 titles.

The store's crystal ball shows that in 1983 it will take on more software lines and it will not begin to sell video tapes or records, Chaenwok adds.

At Record & Tape Collector in Baltimore, Md., William Meagher, its manager, expects to take on several more titles in 1983. He also plans to start selling hardware.

Currently, the store sells 50 titles. Nearly 50 percent of the customers come into the store asking for games by title. "Some customers ask about games that have yet to be released," he says. He tells those customers when he expects to get such titles and any other information he has about the game.

Meagher predicts increased interest and demand in computer games this year. He also believes that new games will have enhanced graphics to satisfy a growing number of customers who want better, improved games.

Beyond improved graphics, Alan Karp, president of Video Hut in Flushing, New York, finds customers want to do more than just use computers to play games. He plans to sell Commodore, Timex, Texas Instruments and Atari computers in 1983.

Frogger has been the top selling game there, he says, although it seems to him that the top game changes

weekly. Last week *Donkey Kong* sold big. Before that *Pitfall* was the big hit.



Also observing that the top selling game seems to change weekly is Alan Kraft, president of Video Connection in Metairie, La. Currently, *Donkey Kong* is the top seller, but *Frogger, Dungeons and Dragons* and *Zaxxon* also have sold big there.

This store has been selling about 200 different titles for more than a year. He reports game sales as moderate.

In 1983, Kraft forecasts that improved graphics and more realistic games will appear on the market. "A new generation of video games from Coleco and Atari," he forecasts coming out to a big splash in 1983.

Additionally, he prophesizes consumers becoming more discriminating buyers and sales on inferior games dropping. "Too many of the games are similar or poor imitations of popular, clever games," he says. "A shake out nears," he predicts.

In the meantime, Lou Frenzel, manager of Compu Shop in Webster, Texas, sees adventure-strategy games becoming popular. "Arcade games no longer seem that popular," he adds.

This store sells about 50 game titles for the Apple computer and the IBM Personal Computer. But during 1982 the store stopped selling Atari and has positioned itself to sell computer systems to the small-business community. "Sales on games do continue to be strong here," he says.

In November, Cactus Records based in Houston, Texas officially started merchandising computer-video games. Until then inventory and games sales were sporadic and not closely monitored to determine top sellers or any sales trends, says Phyllis Hicks, product coordinator for the record chain.

By 1983, she expects sales to take off. One Cactus Records store sells hardware in addition to software. If that store's hardware sales skyrocket, the other stores also may start to sell such equipment.



Discount Video in Minneapolis, Minn. sells nearly 200 game titles and plans to sell even more titles in 1983, reports the store's vice president, Chuck Hanson. The

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top seller there has been Pitfall, the obstacle game.

Hanson also expects to see better quality games on the market in 1983. Customers seem to be becoming more knowledgeable about games and look for quality, he finds.

Additionally, a growing number of customers are asking for games that will not be coming on the market for several months, he says. Customers asking for pre-released games seem to be becoming standard, he adds.

Scott Dornbach, general manager for Mainstream Records in Milwaukee, Wis., plans to cut down on the number of titles he sells there. "We want to only carry the top 15 or 20 titles. As the new popular games come out we will stop selling those games which are moving slowly," he says.

The Milwaukee store currently sells about 50 titles. *Pit-fall* is beginning to gain popularity there. Generally outer space games, like *Defender*, consistently remain the top seller.

And while *Pitfall's* popularity gains momentum in Milwaukee, the second ComputerLand Satellite store in Madison, Wis., finds strategic simulation games have become popular.

Additionally, *Frogger* is also a high demand game. Unfortunately, Mark Sullivan, manager of the store, reports he is having trouble obtaining copies of the game. "I get one or two copies in, and they are sold as soon as they come in," he says.

But, Sullivan believes that in 1983 arcade game popularity will be replaced by strategy games. Games for the IBM Personal Computer also will sell big in 1983, he adds.



Since October, Programs Unlimited in Studio City, Calif. has been selling computer-video games. It sells nearly 300 titles. *Choplifter* has been the top seller, reports Jim Chamberlin, president of the store.

In the upcoming year, Chamberlin predicts skyrocketing game sales on graphically improved games. He finds customers coming into the store just to browse. "I'm seeing a lot of curiosity," he says.

"Youngsters and adults are starving for computer education. They want to know exactly what can be done with computers," Chamberlin adds.

But when those video-game wise customers come in asking about games that have not yet entered the marketplace, Chamberlin says he tells them to be patient and wait. "Sometimes I try to track down the game for them." He usually finds, however, that it will be a few more months before the game will be made available.

"I don't get too many of these customers coming in," he adds.

Ron McPhee, manager of Record Factory in San Fran-

cisco, finds that customers are looking for more sophisticated games. Hence, he plans to begin selling more sophisticated equipment and expects to be merchandising Commodore and Atari 400 and 800 computer products.

Currently, nearly 60 titles are sold there. Only about 20 of the titles are "hot sellers." McPhee views the video game business as being "hit" oriented. "New games sell big for a couple of months and then sales ususally plateau," he says.

Because games sales are volatile there, McPhee uses customers to gauge a game's popularity. Before Pac-Man came out, a steady stream of customers asked for the game. He knew to order a big inventory of that game because once it hit the market it would sell big.

Interestingly, customers rarely inquire about the new E.T. game. Since he hears few requests, he may not inventory it too deeply, he reports.

"So people coming in asking about titles before they come onto the market presents virtually no problem. In fact I welcome this. I use customer requests as a gauge," he says.

And in Phoenix, Ariz., at Arizona Video Cassettes, Troy Gregurich, the store's manager, has been selling video games for nearly nine months. This 2-year-old store, located in the downtown business section of Phoenix, has devoted about 500 square feet of its 1,900-square foot showroom to the display of games. It sells games for the Atari and Intellivision computer-game systems.

The top-seller for both systems has been *Donkey Kong*. Gregurich reports that *Frogger's* popularity continues to grow and it soon may out sell the Donkey game. "*Frogger* is coming up from behind to become the new hot seller," he adds.

About 40 different game titles are sold here. More titles are expected to be taken on during 1983, he says. Currently, games for the Atari are kept in a glass-display case and other titles appear on peg boards and a gondola.

Also in 1983, the store may start to sell the Atari 400 and 800 computer. But before deciding about new products or brands, store officials want to monitor the success of three new retail outlets which opened just prior to Christmas.

"Besides a store down the street sells computer hardware at low prices and we want to keep our image of being a software store," Gregurich adds. "We will most likely add more software."

Usually about 15 copies of each game are kept in stock there. Those hot selling titles Gregurich will stock deeper, he says. The store, which consistently sells out of titles, restocks once a week.

In fact, a consistently heavy traffic flow of customers come through the store daily. The only time game sales slowed there was during October when sales were reported as sporadic. But after Halloween sales started taking off. He says, "Sales went back to 'normal."

During the new year, he believes that customers will begin to demand more sophisticated games and graphics. Although he doubts that prices will drop much, he does see some movement in that direction.



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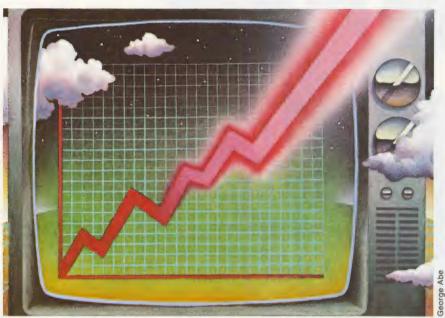
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Software Takes Off



By Jim McCullaugh

et's call it "The Birth Of A Nation:
The Sequel."

No. D.W. Griffith's grandson (who may or may not own an Apple II!) isn't following in the directorial, cinematic footsteps of his ancestor.

But it's a new, pioneering epic, nonetheless. This one of the retail variety. "Close Encounters The Software Kind" if you will. It has grand proportions, it's wide-screen in scope and it's rapidly being produced before a global retailing backdrop with locomotive, Hollywood-like intensity.

And like that 1915, 12-reeler, this new saga will also be replete with high-powered characters and episodes; ingenious organizational devices, startling compositional sketches—and maybe even a few sentimental cameos.

Certainly it will feature a cast of thousands and the money being invested is of staggering, science-fiction dimension.

And the best news of all is that the critics (read: financial analysts) have already turned in favorable notices. It's the birth of a new nation of

computer software specialty stores. It's also the transformation of all kinds of other retailers—department stores, record stores, mass merchandisers, video specialty houses, drugstores, bookstores, toystores, etc.—into software dealers.

It's through this new world republic that approximately \$5 billion (by 1986) worth of software will flow. Software takes off!

Future Computing, Inc., the Richardson, TX-headquartered computer market research firm is predicting 1,000 retail software stores to be open in the U.S. alone by 1986.

"The retail computer software market," states Portia Isaacson, president of Future Computing, "will expand in a growth pattern similar to that of the personal computer store. The business opportunities for the establishment of retail software stores to meet personal computer users' needs are immediate and large. Based on our market data, we forecast a retail software market capacity of 1,000 stores by 1986. There are only a handful across the country at the present time. The retail soft-

ware stores that will be the most successful will support the personal computers with the largest present or potential number of end users."

Dr. Egil Juliussen, another principal in Future Computing adds: "The software store is taking off like a rocket. There's a software store opening every week now at least. The software industry is taking off all by itself. It's now growing much faster than the hardware industry. Reason? Not only is it selling to every new piece of hardware being shipped but all the existing ones as well, the aftermarket. For that reason the software market is becoming an increasing share of the overall market. That is particularly true the lower priced the hardware is.

"If you look at the home computer market, there software is already a very significant portion of the overall market. In time, it will become larger than the hardware market. If you look at the video game market, that's what happened there. The hardware cost a few hundred dollars. It doesn't take that many software packages to surpass that.

"Of course, the home computer market is taking off like gangbusters. The rate of growth is phenomenal just in terms of computers sold in 1982 as contrasted with 1981. We're talking about 1½-million units being sold in 1982."

Depending on who else you talk to or what you read (Time, Fortune, Business Week, Forbes, etc.) the numbers for personal home computers to be sold in 1983 in the U.S. will be at least double (three million). All of it needs to be "fed" with software.

Juliussen figures the retail dollar volume for software in 1982 was \$965 million. For 1983 it's \$1.8 billion. Broken down, he forecasts that entertainment software will account for \$530 million, educational software will earn \$160 million, scientific/engineering software will equal \$90-million, business software should rack up

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Software Satellites Begin Orbit

With the backing of the ambitious 300-store franchise operation ComputerLand, Bill Lidle became the company's "bell cow" when he led the corporation into developing the first, long-awaited ComputerLand Satellite.

"Until now," says Ed Faber, president of ComputerLand Corp., "we've served every type of customer in one setting. But the proliferation of products—particularly software—led to the satellite concept."

Here's how Lidle traces the chronological development of the first ComputerLand Satellite store:

August 1981—at the annual ComputerLand convention Lidle, then the owner of ComputerLand of Paoli in Pennsylvania, listens attentively as the corporation's executives describe a new store concept—the ComputerLand Satellite store. Such stores could complement existing ComputerLand stores by selling mostly software and low-end computer configurations, the executives reason. They report that while the software industry grows by leaps and bounds, the gap in price and kinds of customers looking for low-end machines and those needing high-end computer configurations continues to widen.

So why not own non-competing stores that target two totally different kinds of customers?

An interesting concept, Lidle remembers thinking. But that is all it was to Lidle, just a good idea.

Later the same month—he returns to his ComputerLand store with the renewed vigor and zest one often feels after attending one's industry-wide annual convention. At his Paoli store, located in a Philadelphia suburban town which plays neighbor to one of the biggest shopping malls in the United States—the King of Prussia Mall—he continues to sell computer configurations to mainly businesses.

December 1981—pushing his way through crowds of Christmas shoppers at the colossal King of Prussia Mall, Lidle takes a breather by glancing up and noticing new units being built. He thinks! "It would be much easier if customers could frequent a store here that contains several of the peripheral, impulse and software items they keep driving out to the Paoli store to purchase."

Then, it became even more apparent to Lidle the division in the marketplace that the executives had talked about at the annual convention. The acid test for such a concept should be at one of this country's largest shopping malls, he decides.

January 1982—Lidle suggests to ComputerLand Corporate using the King of Prussia Mall as the site for the first satellite store. The executives, who have pushed the satellite idea aside to deal with other more pressing issues, hear Lidle loud and clear. The reaction: "let's go do it."

February 1982—more than six weeks of negotiations between the mall's executives and ComputerLand's transpire. Little agreeing seems to be happening.

Lidle and the ComputerLand executives want a unit designed to certain specifications they feel are suited for selling software and low-end computer configurations. A typical mall-like storefront will not do. They ask for a corner

unit, which has a stone wall in the back and request the remaining three walls be floor-to-ceiling windows.

March 1982—All parties involved in the negotiations come to an agreement. The lease is signed. Computer-Land's long-awaited satellite with its specially created environment comes even closer to being a reality.

"That lease," Lidle laughs, "was the biggest lease I'd

May 1982—The ComputerLand Satellite has its grand opening festivities. The store officially begins selling its (soft)wares.

Inside its 455-square-foot showroom more than 500 different kinds of software packages, priced between \$15 and \$500 are on sale. Also sold there are Commodores and Ataris and a whole slew of peripheral products.

Although the Paoli store and the satellite sell some of the same products, Lidle doesn't see the two stores competing. Instead the number of customers he caters to continues to increase.

"The Paoli store serves mostly businesses. Nearly 75 percent of the clients who frequent the store come from the business community," he says. "At the satellite store nearly 75 percent of the customers come from the family-home market."

July 1982—Within six weeks sales exceed prior projections. Lidle continues to see two totally different kinds of customers frequenting each store.

At both stores the traffic flow of customers borders on more than heavy.

November 1982—The sales at the satellite have skyrocketed off the charts, soaring beyond any of the high expectations Lidle secretly fantasized during those long hours of negotiating the lease.

Nearly a year after he conceived the idea, Lidle recalls that the whole ordeal was nerve racking. He remembers all the feelings associated with running around trying to get all the information together for doing the lease negotiations and then the anxiety of anticipating what was going to happen once the store opened.

"Back then I was really banking on the growth of the role of software and low-end machines in the marketplace," he says. "Now the division between high-end and low-end has become even more apparent, esecially with the 16-bit machines coming out to satisfy the business community and 8-bit machine prices plummeting to an affordable price for the home market."

The success of this first satellite has given impetus to ComputerLand executives to foster this concept. Possibly as many as 25 satellites are expected to open in 1982. Already such stores have opened to much clamor in Madison, Wis. and San Diego, Calif.

"All the satellite stores contain in-house service departments," Faber says. "Now the customer who simply wants to check the latest software, or buy a few blank diskettes or simply drop off a system for repairs can do so at a convenient location."

-Faye Zuckerman

\$300 million and productivity software should grab a \$485 million portion of the pie.

"By 1987," adds Juliussen, "the home portion will become the largest segment both in terms of units and dollars. The software is unit driven off the number of computers more than anything else. The units in home computers will be enormously high. And the programs will be high. It's like records. You keep bying them. There will be a bigger aftermarket for home software than there will be for business-oriented software."

What impact will the software specialty store have?

"Well." answers Juliussen, "I don't think the number of software stores will outnumber the hardware stores. The hardware stores are growing at a much slower rate. But there's going to be an awful lot of software stores. And other types of retailers will be there as well.

'The mass merchandiser will sell a lot of software, but they won't be really able to sell 'all' the software market. More likely, they will sell the real "hit" entertainment programs. There's plenty of room for all other kinds of software dealers. Not all of them will be able to do high volume, but they will have profitable slices of the business. A requirement, of course, is that each needs someone who knows and understands the business and is focussed on software'

"I don't think," he continues, "that the computer software specialty store will take away business from the computer hardware store. The latter are handling big ticket items . . . \$3,000 systems, \$1000 printers and so forth. They will sell the software that sells that hardware. They will continue to stock the kind of software that's instrumental in selling the hardware itself. But if you are talking the aftermarket software sale . . . the \$50 or \$100 items . . . I don't think they want to fool around with that in general. Their sales personnel can't afford the cost of doing that. There's room for the software store that sells books, media, some hardware, accessories like paddles and joysticks and so on. It's a low-ticket item kind of strategy."

In fact, Future Computing breaks down three different strategies for the emerging software specialty store in a just published report they sell entitled "How To Start Your Own Computer Software Store."

The first strategy is the low-end entertainment/video game software store type. These will include software specialty outlets, record stores. video stores, book stores, mass merchandisers and others. "Lots of crossover," he explains, "and even some that will be hard to define. There will be quite a few of those."

In the middle will be the mainstream—the personal productivity and entertainment software store where \$1,000 household budget management software will be offered

"Of course," he continues, "you will see software wherever the hardware is and it's already in toystores, catalog showrooms, discount department stores, regular department stores ... just about everywhere. Even supermarkets. What you will see will be varying levels of specialty

"One example is the department store. Today they are all onto the same strategy. Basically, give the hardware away and make money on the software and the peripherals. That's the way it's been going there. Then you know you have the aftermarket, the old 'razors and blades' approach."

Will this new nation of computer software stores be independent or

"If you look at the home computer market, there software is already a significant portion of the overall market. In time, it will become larger than the hardware market."

but they will also sell computer games. At the middle store there will be "smarter" management and retail sales personnel.

"They will be able to tell you," he goes on, "what they have for the IBM personal computer . . . VisiCalc, SuperCalc and 12 other kinds of electronic spreadsheets. And they will be able to tell the consumer what is best for his particular needs. He may not be able to demonstrate it in great detail, but there will be knowledge of what it is they are selling."

At the high end there will be accounting/consulting store type or the business software/consulting store.

"Now, you are selling accounting and you need much smarter people. It's also a mixture of low-ticket and high ticket because the consulting you take in will be very high. But you have to charge for that kind of support. You'll have larger demo systems. It will be similar to a computer store but more focussed on the high end of software. But that needs support and you need to charge for that. You can't do it without consulting fees."

franchised? A combination of both?

"Today it's about 50/50," Juliussen estimates. "In the future, if franchises build up, it will become advantageous because of the economies of scale to belong to that. Long-term, franchises may have most of the market, maybe two-thirds to threefourths. Today, the advantages wouldn't be as great."

Already, a number of franchise operations are springing up such as Programs Unlimited out of New York, which promises to have some 200 stores alone, both company owned and franchised, in the next three vears.

Then there's ComputerLand, the largest retail chain of computer hardware/software stores with some 400 outlets worldwide, the majority now in the continental U.S.

But ComputerLand has also begun to spin off ComputerLand satellite stores—computer software-only specialty outlets.

Steve Depolo, manager of the 'Satellite' program for the Hayward, CAbased ComputerLand operation explaines: "We anticipate 10 to 25 such

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stores, strictly software, to be open by the end of 1982. In 1983 we are projecting 60, some five a month, In 1984, some 120.

"The emphasis in the program is on software and supplies, parts, kits, books and magazines, monitors, printers and maybe low-end systems like the Atari 400 and the VIC-20. Some of those are developing into over-the-counter items and if they do I suspect we will follow the market trends.

"All of the Satellite stores will be owned by existing franchisees. One requirement is that a Satellite store lies in a protected territory of an existing ComputerLand franchisee. They are envisioned as a satellite operation to a full-service store. One cannot exist without the other. You won't find a Satellite store three or four miles away from an existing ComputerLand store. There may be a few exceptions depending on how specified the protected territory is in an agreement."

What kind of impact will the soft-

ware-only Satellite stores have on the marketplace?

"We're looking at high traffic areas," he explains. "Primarily regional malls, areas where you don't find a full-service ComputerLand store typically. We are trying to reach out to the marketplace and expose a segment of the market that isn't being exposed to computers or computer software.

"Experience has shown us that consumers, when they develop an interest in computers, they come to a ComputerLand. Now, though, we want to expand our exposure to reach a larger number of people and go into areas where we hadn't been in before. We can whet consumer appetite with the Satellite stores and in turn prod them into going to ComputerLands for hardware.

"For example, we opened a Satellite store on the campus of the San Diego State University. We reached into a market no one else had. That's more a vertical market where educational software will be a big part of

the product mix there. The Satellite stores, though, will carry all types of software in general, depending on the location. You'll see varying types of emphasis.

"In the King Of Prussia store (see sidebar) maybe 75–80 percent of the software there is aimed at the personal home computer market...lots of games, personal productivity and education. But in the San Diego Satellite store, there's a greater proportion of educational packages."

"The growth of computer software only stores will be very strong in the next few years. Maybe 25-40 percent growth patterns a year in the next three to four years. You'll see a rate of growth exceeding hardware.

"Maybe we are a little early with the concept of the Satellite store, but that's by design. We are in the same position, in a sense, as the early days of the ComputerLand network. And we are open to all kinds of possibilities as to where the Satellite stores will be. You will see them on military installations, colledge campuses, inside bookstores, regional malls, on the ground floors of large office buildings and conceiveably within a large retailer such as a department store."

While there's general agreement that software will be sold by a variety of retailers, computer software specialty stores and others, not everyone is in agreement about individual levels of focus.

Example. Most industry seers predict that the record store will carry the Top 40 "hit" entertainment computer game packages in the next few years. But perhaps record stores will also delve into the middle or upper strategies.

"It depends on how they want to describe themselves," observes Rich Leonetti, a senior vice president of Softsel, believed to be the world's largest distributor of computer software of various types. Leonetti was previously a senior executive at WEA, the distribution company for Warner Bros., Elektra/Asylum and Atlantic Records.

"It depends on what kind of commitment they want to make in terms of personnel. If they make the investment in personnel and teach them

No Limit To Programs Unlimited?

magine! You're born in Newburgh, N.Y., in 1947. In the late 60's, you earn a B.A. degree in music from the State University of N.Y. College, Potsdam. Five years later, you debut with the New York City Opera Company. You're on the way to a solid, classically-oriented music career. Right? Wrong!

In your spare time, during tours, you teach yourself computer programming. You develop and market a series of operatic tunes for the Radio Shack computer. One of these programs—the *William Tell Overture*—becomes a "hit" in the new world of electronic entertainment. You don't stop thinking about music. It's just that you start thinking more and more about computer programming and marketing. Your name is Richard Taylor.

Back in September, 1980, you launch Programs Unlimited, Inc., a wholly-owned subsidiary of the 25-year-old Cut & Curl, Inc., the largest international franchise of more than 500 trademarked hair salons. The first Programs Unlimited retail center—a computer software specialty outlet—opens on Jerico, Long Island, March 20, 1981.

"That was the beginning," says Taylor, 33, who is now looking at both a company owned and franchise "software supermarket" universe of "well beyond 200 stores in the next two-to-four year time frame.

Here's the chronology:

—December, 1981. A second outlet opens in White Plains, N.Y. Area residents find more than 1,000 programs in stock.

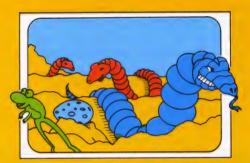
—January, 1982. Programs Unlimited receives governmental approval to franchise its "supermarket" concept of computer software-only outlets.

-March, 1982. A software supermarket opens in Jerico, N.Y.

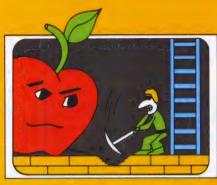
—July, 1982. Three franchise options are offered. Stores are now available in three different investment ranges, suited to individual market sizes. At the same time, Programs Unlimited announces it has signed an agreement with a West Coast company to open its first California-based outlet.

-J.M.

VIC-20?



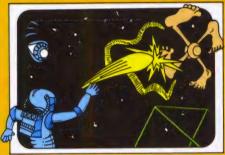
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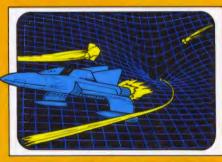
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and give them the expertise, then there's no reason why a retail salesperson in a record store can't talk 'bits, bytes and boards' with consumers. There's no reason, then, why they couldn't sell a customer with a high disposable income, and many record stores get those types of customers, a business applications program. Those customers are certainly attracted to a record store that rents videocassettes. That type of customer makes \$40,000 plus.

"No one has a lock on the knowledge side of this or the retailing side of this yet. In many ways the record stores, the book stores and the video specialty stores may have more of the 'personality' needed for software. And the 'techy' people have

frankly, I don't see a drug store even displaying, or more to the point, 'explaining' computers to consumers. Other types of knowledgeable stores, though, department stores, record stores, video stores and anyone else carrying VIC-20's or Atari 400/800 hardware should be able to do a good job with my entertainment product.

"To my way of thinking, any form of specialty retailer has to provide a combination of sales training to his people; demonstrations inside the store and a specialty product mix. If a dealer of software does that, then he will carve out a nice niche for himself."

Juliussen agrees. "The biggest pitfall retailers are going to have is store these new kinds of software specialty outlets so rapidly. The traffic patterns and buying patterns of many consumers are already established and since it's a product that will be sold in a lot of traditional-type outlets, the software will go to where the people are. And where people are in traditional retail stores. And those stores, if they want a piece of this action, will have to have the staff and expertise to sell it.

"There's a real need now for companies to educate dealers on all levels. That's another element to our company. In addition to being a rackjobber in the traditional sense of the word, as well as consultants and marketers/distributors, we are developing material on videotape and videodisk to educate and teach retailers. Not only will this approach educate dealers, but it is going to sell more software.

"There's a real need to teach retailers how to sell this software product. And eveyone needs the same information . . . Macy's, Target, Sears, the independent computer hardware and/or software specialist, and others.

"SKU is a retail term meaning stock keeping units. One of the things we do is teach retailers how to get the best return on investment they can with software. One way to do that is to know what stock keeping units you keep and how quickly you turn them. We have people who do evaluation. We have people who go into stores and figure out if it's a Top 40 store, a Top 100 store or a broad-based 500 item store. Then we put together a program for that dealer . . . entertainment, business, or personal productivity.

While some difference of opinion might exist on how fast and how segmented the computer software market evolves, one thing is certain.

For all parties involved—programmers, publishers, manufacturers, distributors, wholesalers and dealers of all description—the next few years in the computer software marketing/retailing industry will be "like writing history with lightning." That's what President Woodrow Wilson exclaimed upon seeing D.W. Griffith's "The Birth Of A Nation."

"Of course, you will see software wherever the hardware is and it's already in toystores, catalog showrooms, discount department stores, regular department stores... just about everywhere. What you will see will be varying levels of software specialty focus."

more of the personality and confidence to sell computers."

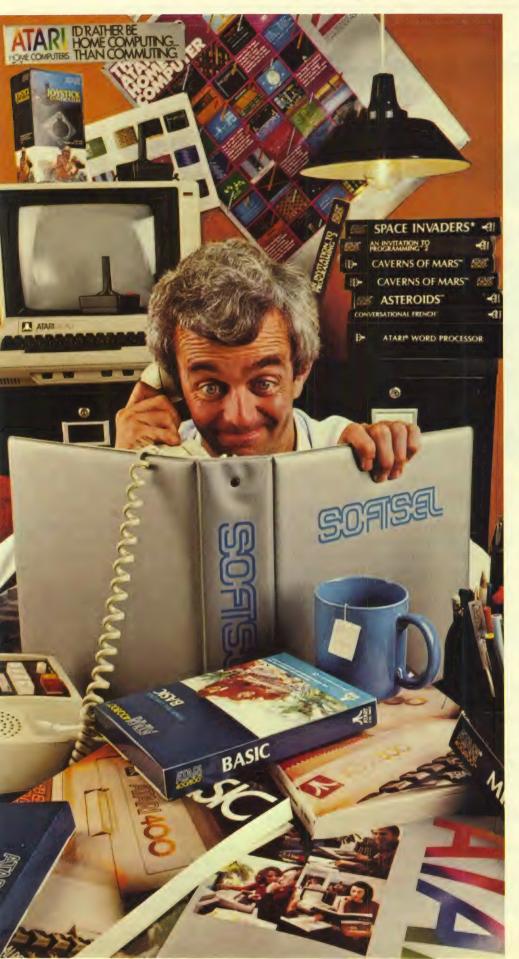
On the software side, according to Elliot Dahan, director of marketing for Creative Software, a new entertainment/educational software marketer based in Mountain View, CA, a retailer of any kind needs to figure out exactly what kind of business he's in.

"Just because you call yourself a specialty store, it doesn't mean anything. You have to merchandise the product. You have to invest in hardware and software and be willing to give service. But on the other hand, you don't have to be as far out as a 'Digital Deli.' If any kind of retailer is going to sell my product from a full-line point of view, he's going to have to do more than just carry the boxes.

"I know of one multi-store video speciality store chain in the Bay Area that's taking the time to learn about computers and software and, yes, they will do a number for me. But strategy and picking the one that suits you. It's easy to fall into the trap of saying 'there's a lack of support out there and I am going to teach my customers what to do and hold their hand.' But when you sell a \$30 program and your margin is \$10, it's going to be limited in terms of the amount of time you can spend with a customer. The economics are not there for that. So you, as a retailer, have to make sure you have the right balance of supporting your customer. But you can't do too much. Or too little.''

Don Kingsborough, head of the Bay Area's SKU, a firm that labels itself as a marketing/distribution software 'rackjobber,' observes: "I think the trend in the next few years in terms of software will be to traditional retailers. Sure, the new breed software-only store will have an impact but I don't think the economies of scale are there yet to recreate all

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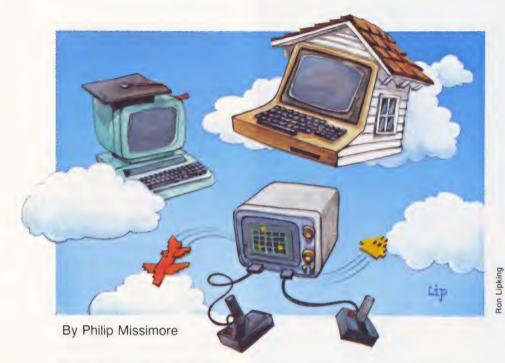
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CIRCLE #113 ON READER SERVICE CARD

Software Forecast—1983



t would be nice to report that in the topsy-turvy world of videogames and personal computers, the software component to those markets would be an island of relative calm. With hardware prices dropping faster than the Dow Jones Industrials on a profit-taking day, and with increasingly competitive advertising aimed at the consumer dollar, it would be a relief to note that at least one segment of the industry was projecting a stable image.

Not so.

Everyone agrees that software sales are going to continue to climb in 1983—all of the retailers, industry analysts and manufacturers interviewed feel strongly that software will indeed be the driving force that sells game machines and computers into the home. But who sells the games and just what games get sold—are entirely different—and more ambiguous-questions.

Precisely because the entertainment-based software market is changing and growing so quickly, drawing any firm conclusions from the welter of evidence is very difficult

indeed. However, some tentative forecasts can be made.

-Whether a recreational program is released in videogame or computer form, it will likely be more complex and eye-catching than its predecessors. Software authors are becoming increasingly adept at wringing the last possible iota of speed or graphic content from the available memory of the machine in auestion.

-While the video arcades will still be a prime source of inspiration for gaming design-both in terms of translating arcade hits into a homebased format, or simply in terms of genre—the gaming field will be drawing from more diverse sources in 1983. Cross-pollenation between games and such fields as film ("E.T." and "The Empire Strikes Back") or records ("Journey"). In addition, of course, game authors will simply also be designing their own gamesdrawing on each author's imagination and creativity. More than ever, creativity and original design will be crucial elements in a game's commercial success.

1983 trends

-The increased availability of computers in the typical price range of a videogame machine will mean a real proliferation of software programs designed to run on these machines. Several firms have recently sprung up to develop games for the Commodore VIC-20 home computer, for example; and the surge of software development for the Atari 400 and 800 home computer systems in the last six months of 1982 was nothing short of breathtaking.

-In partial response to that intrusion, the availability of keyboard and memory storage add-ons for the popular game machines will mean that many videogame machine owners may retrofit their units, and thus be able to purchase even more exciting games than before. (As just one example of this phenomenon, Mattel has recently announced the availability of a keyboard add-on to the Intellivision unit; existing keyboard peripherals for manufacturers such as Coleco and Astrocade are further evidence of the move toward the keyboard interface.)

-In terms of distribution, the software market is also in a state of flux: new retail outlets, such as bookstores and record store chains, are moving into entertainment software for both the video-game and computer markets; while the softwarespecialty store for computers continues to grow in both acceptance and sales (see this month's cover story). It is obvious that no single channel of distribution has a lock on software sales-and it is also obvious that all of the computing channels will vigorously contest for supremacy and positioning throughout the 12 months ahead.

But in terms of the retailer, what does it mean? What will be the most crucial trends relative to entertainment software?

"Programmability will be the key." asserts Bob Colten of Strategic, Inc.,

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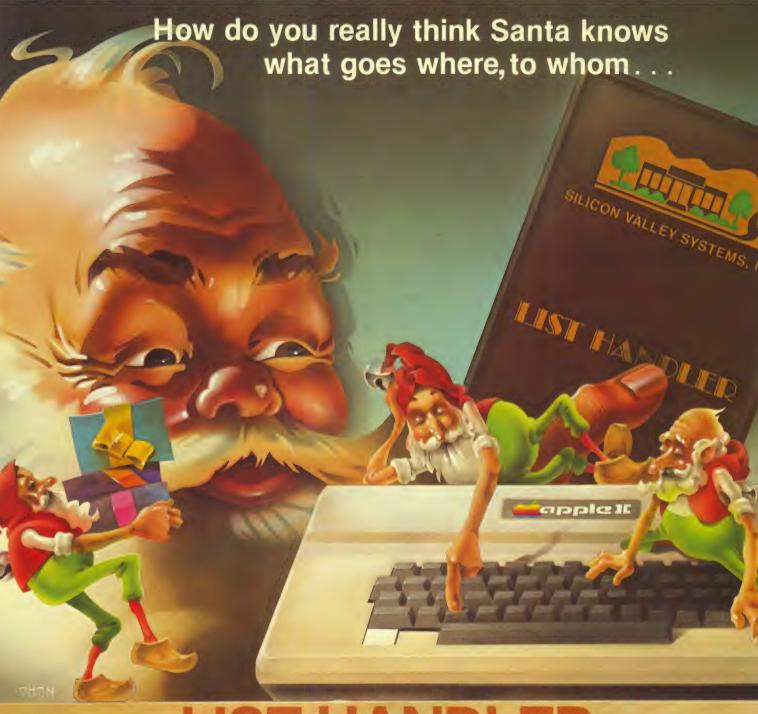
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a San Jose, CA-based research firm. "What has been lacking in the gaming business has been programmability."

To amplify, Colten says, "what we will see in the immediate future will be games one to three levels above what we're seeing today. For example, why not create a game in which the player-say a young girl-can create a doll house, and populate it with a series of definite characters? Each character could be changed at will, take on a different personality, and then the child could see how a different person or character can alter the way all the others react. It becomes a learning experience as well as fun. The lines will start to blur between gaming and education. But According to John Reese, president of Tronix, Inc., a software publisher based in Inglewood, CA, it goes back to the old adage—easy to learn, hard to master. "You can actually make a game too fast, for example," Reese explains. "Game pacing is very important."

Or, as Silas Warner, author of Castle Wolfenstein, explains, "the important part of the game is how it interacts with the user. I really can't say it more plainly than that."

In the world of videogames, the introduction of the Atari 5200 game system is seen by one West Coast retailer as a move toward greater complexity and realism in videogames. "The whole idea is enhancement of games," he explains.

compromise in terms of the home-base software market, at least until a new generation of machines with more mass memory storage and greater graphics capabilities comes along. However, there is little doubt that game authors will use every trick possible to cram more lines of code into their cartridges or floppy disks, to get the most dramatic impact possible in their games.

Outside sources

Another major trend will definitely be the use of outside sources for videogames and computer gaming products. The fact that Walt Disney's Tron was a financial (not necessarily critical) failure did not deter the arcade version of Tron from being a hit; as this issue goes to press, the sales jury is still out on such cross-overs as "E.T." and "Journey" (the game involves getting the popular rock group away from a concert and back to their hotel). But, barring spectacular misfires, it seems likely that the trend toward this cross-licensing and use of famous characters or events will continue.

And, despite the public's longprofessed reluctance to come to grips (literally) with a keyboard, it also seems apparent that most of the most popular videogame machines will have keyboards available as addons, as well as plug-in memory expansion modules that will allows the machine to accept and play more complex games—the rule of thumb being the greater the memory capacity of the machine, the more complex (and hopefully more satisfying) the game. "Even if people still use joysticks, the availability of a keyboard is crucial to long-term use of the videogame machine," reports one West Coast retailer. However, the converse is also true—one of the better-selling title in the computer software world is Arcade Machine-a do-it-yourself program that allows the user to create a number of arcadetype games. It may well be that the public's continued thirst for evermore varied and intense games will not be tied to a machine, or even class of machines—as long as the game itself satisfies the demand, the user will simply buy the machine, or

While the video arcades will still be a prime source of inspiration for gaming design — both in terms of translating arcade hits into a home-based format, or simply in terms of genre — the gaming field will be drawing from more diverse sources in 1983.

you need programmability to do that—to allow the user to alter the setting."

However, Colten feels that much of this more advanced gaming will be accomplished via home computers rather than by videogame machines. "The greater memory storage capacity makes the computer a more logical candidate for that type of software," he says.

Design trends

One of the major design trends, relative to software in 1983, will be the ability of games to include some of the best elements of arcade-based games—the action, speed and sound—with some of the complexity of the adventure and role-playing games. This new hybrid—epitomized in the computer world by such titles as *Castle Wolfenstein* by Muse Software—seems to be a major thread running through much of the new wave of gaming design.

"People want more realism, more graphics, faster and more life-like action."

However, the home videogame machines, and to a lesser degree, the home computers, are restricted in their ability to completely mimic the arcade hits when they are transported to the home. The fact that the typical arcade machine has hardware dedicated to nothing more than graphics, as well as additional hardware optimized to create the fastest action and most varied sound, presents difficulties to the home-based designer. The videogame machines lack the memory (as do some of the lower-priced home computers); and even the more sophisticated home computers are not designed to play games and games only-word processing or even database management software can sit side-by-side with the latest space shoot-'em-up on the desk in the family room.

Thus, there will inevitably be a

enhance it, so that the game can be played. "Software sells the system" may be more than just a sales slogan for 1983.

Educational software

But there is more to the world of home-based software than fun and games. While Barbara Isgur, an industry analyst for Paine, Webber in New York City, reports that entertainment software is still the primary reason for purchase of a computer into the home, the lesser-known elements of education and personal productivity will see more of the limelight in 1983.

"Educational software for the home-based computer system will become even more important in 1983," Isgur says. "And we'll also see people beginning to use some productivity software in the home, such as income tax preparation software. But it has to be simple—basically because people are not willing to sit down and spend 20 hours trying to figure something out—they want to become productive with it very quickly."

Peter Labe, an analyst for the securities firm of Smith, Barney, feels that any future computer system into the home must have four basic capabilities: "The first, I feel, is education. That's the important reason a parent will buy a computer for the family. The second, of course, is games. That has to be there. The third is some rudimentary form of financial management software for the home. And the fourth is likely to be communications software—allowing people to use electronic mail, or shop by computer, or any telecommunications function." Adds Paine, Webber's Isqur: "We're seeing a lot of consumers purchase low-cost (under \$100) acoustic coupler modems to hook up to their computers, and to being some form of basic telecommunications, usually through a commercial information provider like The Source or CompuServe."

The product category that seems to provide the greatest short-term sales potential for the growing home computer market is that of educational software into the home. New publishers, such as The Learning Co.

and Spinnaker Software, have recently introduced ambitious programs which mingle the learning experience with a gaming-based format. In addition, traditional educational publishers such as the Milliken Co., with its new Edu-Fun series, also seems to be moving in that direction—as Strategic, Inc.'s Colten said, the lines will blur. And Colten adds an interesting perspective to the phenomenon. "It's becoming the Tupperware/Encyclopedia Britannica purchase," he explains. "Traditionally, computers have been the province of the male. But we're starting to see women-mothers-talking about their childrens' accomplishments in the area of computing or education. And that's a powerful impetus. I think tribution rather than product itself. The recent announcement by such major bookstore chains as B. Dalton that computer software would be sold right alongside the standard books, as well as the move by major record chains in metropolitan areas to carry videogame titles and a smattering of computer software programs as well, will mean a very competitive retail arena for software in 1983.

Perhaps too tough for some. Ken Bosenworth, president of IDS, a Westport, CT research group, feels that most stores will find a mix of software and hardware to be profitable. "The software specialty store will succeed when it's managed properly," he explains. "But we'll find that

It is obvious that no single channel of distribution has a lock on software sales—and it is also obvious that all of the competing channels will vigorously contest for supremacy and positioning throughout the 12 months ahead.

we'll start to see more women involved in the decision-making process in 1983."

Personal productivity

In the area of personal productivity software, the trend for 1983 is also one of increasing sales. The sales success of such programs as Continental Software's The Home Accountant, or Howard Software Services' Tax Preparer, is an indication that home computer buyers are willing to purchase software designed to aid them in their own financial management, or home operations—as long as it's kept simple. "Whatever else we see in 1983, software will be simpler to use," states Strategic's Colten. Adds Isgur, "most adults in the home just don't have the commitment to sitting down and laboriously going through software documentation. It has to be simple, but also welldocumented."

Perhaps some of the biggest changes ahead for the software industry in 1983, however, relate to dismost people selling software will find it most profitable to carry some hard goods—at least the peripheral and add-on products."

Bosenworth also feels that the record store-book seller genre of retailing need not always be confined to gaming goods. "Certainly the record stores are ideal for carrying games that are off-the-shelf," he says. "But we might also see some of the bookstores focusing in on software, particularly software for home management or for a small business being run out of a home, and bring in a higher level of sales support instore to service that product category."

Adds Isgur of Paine, Webber, "we'll see more and more expansion in the area of software distribution. The bookstores and the record chains are major potential sources for retail distribution." She recounts a recent advertisement published in a major New York newspaper, "headlined 'The best games you can play are on a computer. And your source for

games is us.' That was an advertisement for a local record store."

Telecommunications distribution

Moving even one step beyond. many researchers feel that telecommunications provides even more significant channels of distribution for software. Either via telephone lines or by cable, the actual software code can easily be sent from a distribution point to the end user. This would seemingly bypass the retailer, since the software publisher or distributor could simply have an electronic "mailbox" to which users could dial in and request the software.

But one software specialty store manager retorts, "There's something about going into a store to buy that appeals to most people. It's the ability to come in and talk shop to a salesman, to see what's new, to share in the experience. You don't get that from a television screen."

Adds Colten of Strategic, Inc., "the retailer can also become a focal point for this entire world of telecommunications. There's no reason why a retailer couldn't have his own electronic mailbox in his store, so that his customers could dial it up, find out what's new in the store, communicate with each other. And they would still have to go into the store to buy."

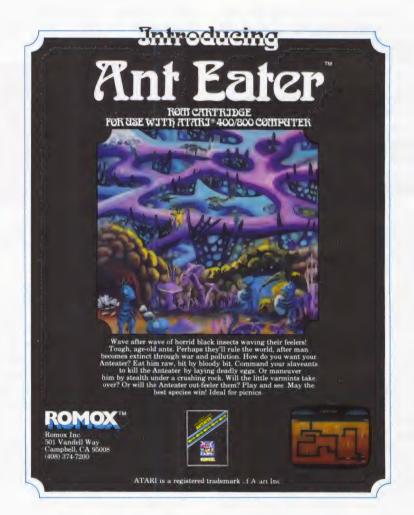
However, most analysts feel that teledistribution of software—in largescale numbers—is several years off. The number of home computers or videogame machines with keyboard peripherals in place, still must increase to make such a concept viable. Also, the need for cable broadcast systems to penetrate the major urban markets in the United States is still unanswered—and until that takes places, cable delivery of software into the home would remain primarily a rural or suburban phenomenon.

Service and support crucial

In another vein, it is likely that as retailers carry more sophisticated types of software, be they adventure games or a home financial management program, the need for service and support by manufacturers and distributors will become crucial. With shelf space at a premium, and so

many programs to choose from, the software publisher or distributor who can provide the most direct sales support to the retailer is the one most likely to receive the lion's share of business in 1983. Major computer software distributors such as Softsel Computer Products, Inc., have initi-

ated regional sales offices with field sales personnel, all in line with the concept of personal service. At the same time, independent sales representative organizations, a bulwark of distribution in the consumer electronics field, have moved with a vengeance into the videogame and



computer software arena. Again, the local nature of the sales representative translates into field service—the ability to call on retail accounts regularly, and to be available when specific problems arise. The concept of software distribution as strictly remote warehousing and shipping has changed—and retailers will demand higher levels of support from both distributors and publishers in 1983. for everything from countercards and window displays, to sales training and advertising co-op allowances.

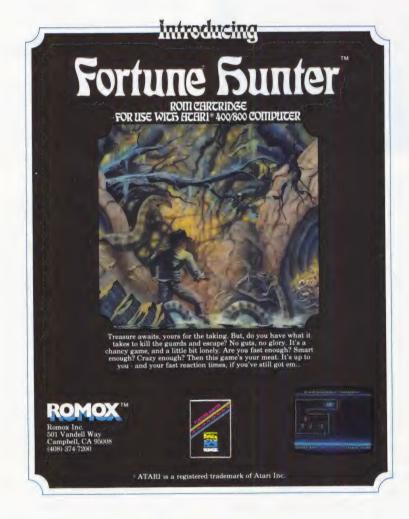
But the pressure is on in all seqments of the software industry-not just the distributors and publishers. As Paine, Webber's Isgur describes it, "The customer is becoming more discerning." As consumers demand more from the software they purchase-faster games, easier to understand home management software, educational software that children will enjoy and learn from-the pressure is on all segments of the industry to provide that product. From publisher, on through the channel to the retailer, the need is for better products, and a better understanding of how to sell them more effectively to the public. As Esther Dyson, vice president of Rosen Research in New York, describes it, "If you're a retailer, and you're really good at what you do, you'll do well in 1983. But you have to be good at it."

Out in Highland Park, IL, Stan Goldberg, president of Microlab, feels that a whole new dimension of computer software will emerge in 1983what he terms "quality of life." As he explains it, "you've already got products that are designed to improve the efficiency of an individual in some task. The same holds true for the home, where you have word processing, budget management, or checkwriting capabilities.

"Now, however, you should be able to use software for more than just increased efficiency—you can use a product to improve the person's lifestyle. The computer, after all, allows you to exercise choice—so why not take advantage of it?"

Goldberg feels that this type of software, which he says will begin to come on stream during 1983, will sell for a lower price point than typical home management packages.

And, while Goldberg declines to define just what "quality of life" software is-"we're working on that kind of software right now"—he does feel that such a genre of software will dovetail with emerging channels of distribution. "The channels of distribution are undergoing a metamorphosis," he says. "The computer store, while it will still sell more software than any other channel in 1983. will become less of a factor as bookstores, record stores, mass marketers and software specialty stores increase in number."



January 1983

America's Love Affair With Games



By Robert Carr

arrying what appears to be an urgent communique, the out-of-breath messenger bursts into the penthouse office. "Thank God! Go right in!" The words literally leap from the glossed lips of the visibly-tense executive secretary. "They keep asking where you are," she continues, a bit more in control, as she motions in the direction of two massive, mahogany doors to her left.

Pushing into the board room, his face is ambushed by cigar smoke, momentarily locking his lungs at half capacity. His eyes, too, have trouble adjusting to the darkness that is softened only colored reflection on the hardwood-paneled walls and ceiling.

Visible at the far end of the directors' table are the faint, standing outlines of several custom-tailored suitbacks supporting dignified, balding razor-cuts on heads that are intent upon a monitor's contents buried somewhere below. In a flash, all attention shifts towards the startling intruder. And with equal precision, the huddle of humanity parts as though the young man were Moses on a mission from God.

The soft glow of the lone CRT il-

luminates the furrowed features of a seated gentleman, whose patience has worn thinner than an American car manufacturer's fourth-quarter profits. "Hurry, before the lifestealers strike." His voice trails off, but his concentration never once leaves the screen. The courier thrusts the package into the dim light where the letters become just barely visible . . . Wiz Mate Megaman.

Wizardry in a board room. Farfetched? Perhaps. But an effective illustration to demonstrate the depths of penetration these space-age, alternative realities have accomplished in the past few years.

Ironically, what was meant to be a major advancement in corporate efficiency via modern microchip technology, has taken a turn towards frivolity in the guise of a neoteric genus: computer games; species: arcadus. (Although other species have been discovered, arcades seems to be the most prolific around these climes.) And the infestation has not been contained solely in companies and small businesses. Men, women and children of all ages from all walks of life have tasted the thrill of video vic-

tory, and are no longer content with a staple recreational diet of LP's and bowling.

Why? Good question. A number of studies are currently under way, but the results of only a few have been tabulated, analyzed and turned into a doctoral thesis here, or an official report there. Incomplete projects yield "no comment" to the press. And most organized observations that are available to the public have been focused on children, as opposed to adult game enthusiasts.

Although the data file is still a trifle barren at this point, the information that can be discussed, when married with comments by people in knowledgeable position, does paint a fascinating picture of motivation in the twentieth century.

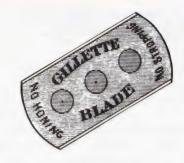
As a Social Function . . .

Dr. Phillip Bonacich, chairman of the sociology department at UCLA ventures an opinion on game popularity among young adults. "I have two teenage daughters that play the games quite a bit. But they also use the arcades as places to go to pick up boys. It's the old "malt shop phenomenon," a place where the teenagers meet. Because of the decline in record shops and other locations, the game arcades have been substituted as places where kids can meet." Extrapolating to the adult world, games are a social means by which to enjoy friends and make new aquaintances.

As an Escape Valve . . .

A recent conversation with Dave Blumstein, Softsel's executive vice-president in charge of sales and marketing, brought up the viewpoint that most businesspeople lead pretty hectic lives. The attendant tension and stress that accompany long hours at work leaves neither much time for relaxation nor a conducive mood for complex recreation. The

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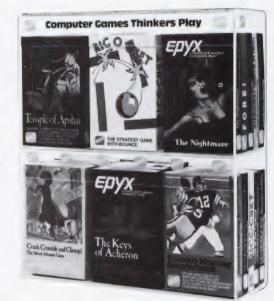
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COMPUTERS

prescription for relief is the short, shoot-em-up arcade games that provide a quick release of pent-up emotion

"People are not really allowed to express themselves violently in the world," says Blumstein, "because we're basically trying to socialize with each other. The social order doesn't condone violence, yet all of the very successful arcade games have violent aspects to them. It's a socially acceptable form of violence. Just look at our movies, television shows, best sellers. People love that stuff. Now we're getting it from our computers, too, for relaxation."

Softalk editor Margot Comstock Tommervik, who reviews computer games everyday, agrees with Blumsconvenient alternative as a worthy opponent or a vehicle for interpersonal competition.

"One the values of game playing to anyone is the fact that it brings into a microcosm the same factors that people are dealing with in real life," says the Softalk editor, "Very often you have to defer success, because certain goals take a long time to accomplish. Rewards in the present are put off for a fuller reward later on. Playing a game offers a situation where you can achieve and succeed right now.

"Obviously in many games, especially those of an arcade nature, the player doesn't particularly win, but instead strives for a higher and higher score. The winning, in these

Games" which appeared in the Proceedings of the Conference on Human Factors in Computer Systems, included devising eight separate versions of a computer learning game called "Darts." Starting with only the basic game concept, various features, such as music, score keeping, constructive feedback and/or other qualities, were added. Malone asked subjects to play specific modified versions of the game, and their individual reactions and feelings were recorded. The data highlighted three definite categories of features that were necessary for the success of a computer game: challenge, fantasy and curiosity.

CHALLENGE simply means that the game must have a goal whose outcome is uncertain, and that goal should be personally motivating, like drawing a picture or saving the lives of captives behind enemy lines. While trying to accomplish that goal, the player needs some kind of performance feedback to tell him how well he's doing. Accumulating a point score or racing against the clock are good examples. In order to make the game appealing to a wide range of people, the difficulty level must be variable to match the individual skills of the player.

FANTASY refers to "a system that evokes mental images of physical objects or social situations that are not actually present," says Malone. "This could range from an imaginary world inhabited by dwarfs and sorcerers, to the simple act of knocking down bricks with balls. However, unless the fantasy appeals to the target audience, the game can actually be made less interesting, perhaps repulsive, rather than engrossing.

The classification can further be divided into two sections—emotional and metaphorical. In terms of emotion, "fantasies in computer games almost certainly derive some of their appeal from the emotional needs they help to satisfy in the people who play them," the researcher goes on to explain, "Metaphorical applies to aspects that are analogous to something with which the user is already familiar, and therefore helps to make the system easier to learn and use."

The final category is CURIOSITY,

"But they use the arcades as places to go to pick up boys. It's the old malt shop phenomenon."

tein to a degree, but definitely not about the violent aspects of games. "I know what he's talking about in terms of frustration. At the end of a frustrating day, concentration is shot and the mind is still mulling over items from the day. You can't sit down and read for enjoyment, because you have to force your concentration on the book. Playing a game can capture the concentration. But I would think that there really isn't as much basis to "shooting something" as there is to the sense of mastery and absorption that a game provides."

As a Goal Substitute . . .

The affinity that businessmen have for games is not a new phenomenon, but extends back, at least, to Pharoah's Egypt when *Backgammon* was a standard pastime. In recent United States history, (about 40 years ago, according to Tommervik), when trains were the primary means of commuting to cities, businessmen played bridge on their way to and from work. So engrossed were they that clubs were formed and tournaments sponsored to determine the most competent afficionados. Since then, computers have merely become a

cases, is in the mastering, and the more a skill is mastered, the greater the sense of achievement and success

"To the person who is deferring success in real life, these small achievements are boosts in morale, and that's good," stresses Tommervik, "In the microcosm, it's more than personal fulfillment; it's a fuel. It's a reminder that fulfillment is there in real life.

What Makes a Game Appealing?

The most notable and extensive research in this area is being conducted by Thomas Malone, a research scientist at Xerox Palo Alto Research Center. To date, three empiracal studies with children as the subjects have been completed, in order to determine what people like about games. Hopefully, the results will aid in the design and development of highly motivating instructional environments for children and adults."

Malone's previous methodology, according to his paper "Heuristics for Designing Enjoyable User Interfaces: Lessons from Computer which is rather self-evident. Malone points out that "the game should provide an optimal level of informational complexity, being neither too difficult nor too easy for the given individual's knowledge." Novel and surprising qualities are essential, but they must not be completely incomprehensible—a level where the player possesses enough knowledge to formulate expectations about what will happen, but the expectations should sometimes remain unmet.

People's knowledge structures need to be "complete, consistent, and parsimonious" (extremely economical and frugal, such as performing a task by the fewest number of steps). Curiosity can be evoked by removing one or more of these properties. For example: by introducing knowledge only when the player realizes he needs to do something he doesn't know how to do. A sensory curiosity, stimulated by audio and visual effects, also enhances appeal, as does randomness and humor. But again, care must be exercised so as not to go too far and cause a frustrating situation.

An excellent example of these parameters is Margot Tommervik's choice as her most popular arcade game on the Apple-Crossfire. "it takes total involvement in terms of skill and concentration; it's not simple. It's a skill you have to gain. When you first play the game, you're lucky to get 150 points. But as you master the process, you can get . . . my highest score is somewhere around 280,000. The game is constantly different-unpredictable within the scope of the game. You feel like you're outwitting the critters, and gaining a score by achieving certain goal points. The game stretches the player's abilities. I find Crossfire enormously relaxing. That's enough reason for me to play computer games."

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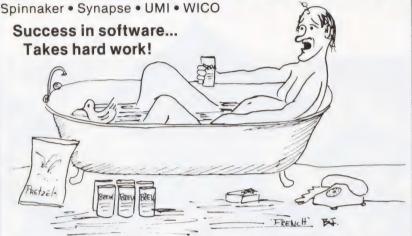
Robert Carr, a frequent contributor to Software Merchandising and Computer Merchandising, has an L.A. based editorial design firm specializing in computers and professional audio recording. He's been spied occasionally at an arcade.



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Educational Software Enters



By Marcia R. Golden

or all the glamour, glitter and excitement associated with video game/home entertainment, personal finance and business programming, computer software is a business hardware suppliers would like to leave to the experts.

Most computer makers began their careers in the nuts and bolts of electronics and in electronics is where most of them would like to stay. Their preference: Let the independents take care of the programs.

In educational software, a majority of programs now on the market come from a growing cottage industry made up of private users, moonlighting professional programmers, several educational publishing houses—Scott Foresman, McGraw Hill, Harper & Row, Harcourt, Brace, Jovanovich—and from software companies more commonly known for the business and scientific programming they produce, such as Control Data.

Even at Atari, almost all of the company's computer software comes from outside experts. "We have the technical experts and the programmers in-house," says

Christopher Bowman, manager of educational marketing for the home computer division, "but we go to the instructional experts for the content. There are a number of educational publishers developing software for Atari. Some are doing it independently, although we offer our technical expertise and lend them equipment or give them marketing advice."

And over the years, Bowman has noticed an increasing sophistication in the programs being published. "I've been in the business for three years. For the first couple of years, it seems that most of the educational software was simple drill and practice. Now, we're seeing more difficult challenges. There are programs that involve problem-solving, critical thinking skills and simulations."

The other major computer suppliers rely on outside publishers for most of their educational (and general) software as well. Their focus is lining up the kinds of programs that appeal to parent-teacher associations and organizations, school boards and government committees—organizations influential in

pending decisions to let computers into the school. And getting hardware into the classroom is what computer makers are after.

Computer manufacturers believe that one way to build permanent market share is to capture the brand loyalty of future computer users while they are still tiny tots. And one way to reach that children's market is to appeal directly to the parent purchaser. Another is to integrate computers into the schools at the elementary school level. Developing software, for the hardware manufacturer, is secondary.

The educational divisions of most computer manufacturers concentrate on encouraging local and federal government agencies or PTAs to bring computers into the classroom. They offer funding and donations of free computers, buytwo-get-one-free plans, and manufacturer-financed computer classes or summer camps.

Unwilling to sidetrack their research and development muscle into the educational software business. computer companies are perfectly content to leave most of the software-producing market to independent suppliers. Nor are they interested in selling only the software they have developed themselves. Rather, hardware manufacturers promote, support and distribute the product of various joint-venture programs, independent software writers, educational book publishers (who have formed their own computer program publishing divisions), and the programs developed by school systems themselves.

Supporting existing publishers

"We believe in extending support to the educational community in developeing software for the educational market," says Michael Tomczyk, marketing manager for Commodore Business Systems, "Because we feel that they are better

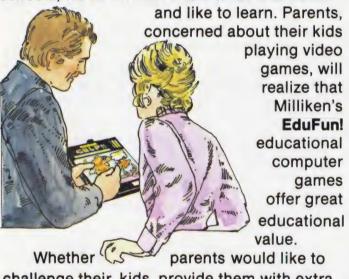
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EDUCATION

equipped (than we are) to produce software that is relevant to the educational user."

Commodore reportedly pursues the educational market as part of its general push to boost its share of the under-\$1,000 computer market. "We are attacking the low-end, personal computer category with all the caution and boldness of wartime maneuvers," Tomczyk dramatizes.

To reach the educators, Commodore works with outside software suppliers. "For the Commodore 64," he says, "we'll have educational software packages titled, Easy Lesson and Easy Quiz. We'll also have a program on classroom managment for teachers, and one called Meta Music

Tomczyk also includes BASIC and widely available titles, such as LOGOS and PIRATE in Commodore's educational catalog. For the VIC-20 system, there are programs such as Visible Solar System, incorporating what Tomczyk calls 'AstroCalc,' as well as pre-school-oriented language packages called Home Babysitter. These are designed to teach alphabets, counting and other relationship skills to children while "they just bang on the computer's keyboard."

The company will introduce more sophisticated educational cartridges aimed at the elementary school systems. January should see the release of Commodore software developed in England that covers IQ testing, per-

Computers For The Asking

hat are we, chopped liver?" intimated one computer manufacturer when questioned about pending legislation, prompted by Apple Computer, that would permit computer makers to deduct more than the production costs of any computers they donate to elementary and secondary schools in 1983

The "Apple Bill," as it is nicknamed in Congress, was sparked by Apple Computer's offer to donate computers to 75,000 schools, and has produced some sparks of its own among competing computer suppliers-many of whom report they have already been quietly donating or developing special school computer programs on their own.

Commodore has donated \$15.2 million worth of equipment to schools since 1976, reported Michael Tomczyk, product marketing manager. The company, which has steadily expanded its educational push "has donated over 600 public domain software programs and established 250 educational resource centers around the country. The centers are mostly dealerships," Tomczyk adds, "and groups that want to serve as classrooms and repositories of Commodore software. We've also got aggressive pricing programs underway to get school contracts, and these sales are made, by and large, by our dealers."

Texas Instruments is also test marketing a school computer program. "Most of the schools that have computer product at the elementary school level have just one computer," says Bill Turner, marketing manager of the Consumer Products Group. "And our point of view is that one unit isn't worth a damn. So we're working with a couple of communities to donate full classrooms of computers. There will be three kinds of programs: Community Computer Adivisory Clubs, School Computer Advisory Clubs, and Retail Computer Advisory Clubs.

'In the two test markets, we will sponsor a computer class and put 20,000 kids through it through the Community Club," Turner says. "For \$65, the children will receive 10 hours of instruction; 2.5 hours for four days a week. They will receive a basic introduction on what computers can do and on LOGOS, the kid's computer language. This is the same course we will offer to the schools.

"At the retail level, we will offer a 2.5 hour course for \$25. We will send our dealers a packet of tickets and each of them will stamp their name on top of each one. Consumers will pick up a ticket at the retailer for \$25, and then call up TI on an 800 number to find out when the next computer class will be held.

After the class, TI stamps the ticket. And when that person buys a computer or six pieces of software, we will send him or her a product equal in value to the \$25 they invested in the class.'

Turner adds, "We will also go to the schools with the following offer: If they put a certain percentage of their students through our computer course (at an educational discount of \$45 to \$50 per child), Texas Instruments will take in one computer for every two children, and provide an instructor for every \$20 students. In our opinion, it just doesn't make sense to donate computers without the proper educational background."

Like all the hardware suppliers surveyed, Atari will gladly participate in any government-sponsored donation program, but isn't waiting for any bills to be passed before initiating programs of its own. According to Christopher Bowman, manger of educational marketing for the Home Computer Division, the Atari Institute funds innovative projects in schools that are research oriented, donating both funds and equipment.

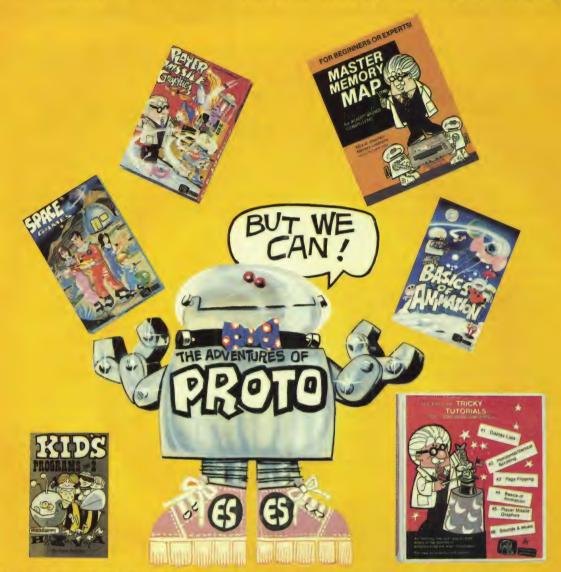
'I've given money and numerous computers to schools," Bowman explains. "But I would say that any large scale program aimed at schools ought to be more than dumping hardware into the schools. It's important that teacher training be a part of it. More important than the computer is software that makes it relevant.'

Relevant software should be a prime component of any systems donation or sales program to schools, agrees Bob Wallace, IBM manager of the education industry market."We think computers are widely used in schools. Part of the originial reason for their slow acceptance was the lack of software. The K-12 market is software driven; the college market to a lesser degree. The problem at the software end was that the program writers were reluctant to write software until sufficient computers were distributed."

Wallace explains that IBM has not had a program for donating computers because until recently it didn't have an applicable machine. "However, we're interested in seeing how the Stark Bill (governing computer donations) unfolds. We will look at programs with or without tax bills, as well."

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Reaching across class lines

Apple Computer is becoming interested in producing its own educational software as well as continuing to foster integrating its hardware into the school environment. Its recent publication of educational games tailored after the Children's Television Workshop's "Sesame Street," illustrates this.

Apple probably will not develop that much heavily academic educational software in-house, reports Glen Polin, manager of educational market development for the company. "If you take a look at the whole educational market development for the company. "If you take a look at the whole educational market, you notice we're talking about a lot of specialized material. There are more than 30 subjects being taught, even at the elementary level-take fourth grade math and fifth grade geography, for example.'

He divides the education business into: Content curriculum—teaching specific subjects such as reading, spelling, or even geography: and Computer literacy—programs that teach about computers.

Polin asserts that in curriculum programming most of the content comes from educational materials publishers, for whom, computer software is just another medium of delivery. "We don't pretend we are educational experts. We work, instead, with some 20 of the major publishing houses on developing computer programs. They develop the content. We work with them on the delivery."

Computer makers, he says, are more interested in producing software capable of reaching across grade levels and appealing to the broadest number of user interests.

Texas Instruments also works with educational publishers. Bill Turner, marketing manager of the U.S. Consumer Products Group, explains, this relationship permits TI to concentrate its energies on programs to convince education groups, such as local school boards, to accept the computer as a legitimate learning tool.

At this point, he believes computers are in a position similar to that of the calculator early in its life cycle. Educators were suspicious of the new product and slow to permit its use in the classroom.

"School systems operate very slowly," says Turner, "Education will have to absolve new technology more quickly. At this point," he notes, "less than 10 percent of the computers already in schools are used to teach children traditional subjects. and less are being used at the elementary level."

Turner theorizes that the impetus to get computers into the classroom will have to come from the parentteacher associations and organizations, because school boards are less independent and move more slowly. He expects real opportunities in the educational market to "explode" in the next two to five years, once the boards of education become more accepting."

"Unfortunately," adds Bill Gattis, director of Radio Shack's Educational Division, "there are a lot of adults who haven't spent time in (the) classrooms, and have a lot of misconceptions about the way computers are being used. They're not just audio/visual aids, although a lot of the traditional benefits of a/v are enhanced by the use of computers . . . they're not replacing textbooks and workbooks, though they are supplementing them . . . and computers are being used to teach about a lot more than just themselves."

"Yes," assures Bob Wallace, IBM's manager of the education industry market, "we see a tremendously large market for computers in the schools. For the first time there is a (microcomputer) product available that is cost effective. And our strategy is to take advantage of the work in educational software that has already been done. A lot of our time is being spent with companies and people who have educational software available and convincing them to adapt it to our computer."

Marcia Golden is a New York-based free-lance journalist specializing in marketing and electronics. She is a former Mart Magazine editor.

Sizing Up Computers In Education

In a market as young as personal computers, accurate statistics and sales projections are difficult to come by. The suppliers, who contributed the following sales and market estimates, prefaced each dollar and unit quotation with the cavaet: "But this is really only an educated guess."

EDUCATIONAL MARKET FOR MICROCOMPUTER SOFTWARE SALES **DURING SCHOOL YEAR**

YEAR:	DOLLAR AMOUNT (millions):	
1981-'82	\$28	
1982-'83	\$50	
1983-'84	\$70	
1984-'85	\$95	
1985-'86	\$120	

Source: Manufacturer estimates.

SHIPMENTS OF PERSONAL COMPUTERS

YEAR:	EDUCATIONAL MARKET:	TOTAL MARKET:	% OF TOTAL MARKET:
1981:	75,000	750,000	10
1982:	95,000	1,500,000	6

While the educational market has increased and grown, its share of the total market has

Source: Manufacturer estimates

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8" DSDD Soft Sector (512 B/S, 15 Sectors)	F145	3.19	
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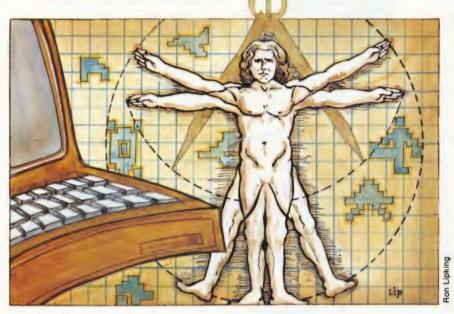
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Donkey Kong: The History of a Game



By Faye Zuckerman

merica's fascination with lovable, gorilla-like monsters didn't end in 1933 when King Kong, atop the Empire State Building riddled with bullets, lost his footing while waving off attacking aircraft, and plummeted to his death.

That was only the beginning. And what a beginning it was. King Kong's love for a panicked-stricken Fay Wray received such a sensitive portrayal that audience attraction to the 15-foot-high monster nearly became an obsession, certainly an American pastime.

Instantly, critics called the film a classic. They were right. Not until nearly 43 years later and after regular runs at local movie houses, can audiences accept a remake. Unfortunately, the critics were less than kind to the 1976 version which barely holds a candle to the 1933 classic.

But a 1980s version of a King Kong character, Donkey Kong, openly threatens to end the nearly 50-year obsession with the beloved ape. Donkey Kong already has won equal acclaim in the arcades and among home-video-computer game players.

Move over King Kong, damsel in

distress and Henry Driscoll, the hero, and make room for Donkey Kong, a new hero named Mario and his girlfriend.

Mario, a carpenter and our hero, must rescue his girlfriend from Donkey Kong's clutches by scaling a steel fortress while fighting off barrages from the barrel-throwing ape, deadly fire balls and falling beams. Donkey Kong, who has dragged Mario's girlfriend up a labyrinth of structural beams, is holding her prisoner there.

As the hero jumps over the barrels and dodges those fire balls to get up the scaffold, he is taunted by Donkey Kong who struts back and forth along the top beam banging his chest. But, when Mario gets to the top, he pushes the gorilla off and saves his girlfriend.

Alas, Donkey Kong survives. Enter the son of Donkey Kong. In the sequel to *Donkey Kong, Donkey Kong Junior* searches the jungle for his father being held captive by Mario.

Junior seeks his father with an arsenal of fruit bombs to fight off Mario's gorilla-eating birds, snap-jaw monsters and energy pods. Eventually, the youngster recovers the key to his father's jail from Mario and sets ''papa'' free to once again chase girls.

Both games have fared will in the arcades. When *Donkey Kong* first entered the coin-op playgrounds, it nearly immediately rose to the top of the charts. When the Donkey Kong cartridge was made available it quickly rose to the top of most of the industry's best-seller lists.

Why has *Donkey Kong* become one of the most popular games in the history of this business? Perhaps players find themselves identifying with the characters, like in the 1933 version of "King Kong."

Is the continual pumping of quarters into *Donkey Kong* machines for more than just the thrill of a high score? SM trotted off to the arcades in hopes of definitively answering such a question.

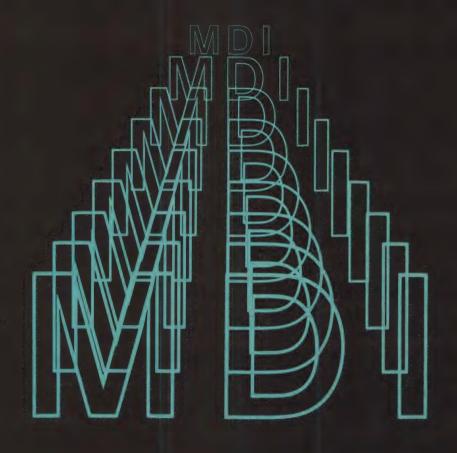
"I don't know. I just like it," answer a majority of the *Donkey Kong* players.

"I've got nothing better to do," says one player, as his screen shows Mario rescuing the damsel and Donkey Kong plumeting.

Less than satisfied with the arcaders' reasons for why *Donkey Kong* has attained such fame and popularity, SM pieced together a brief history of the game to illustrate the behind-the-scenes energy that went into the marketing of this game.

Two manufacturers hold the rights to make *Donkey Kong* computer games. Nintendo, Co., Ltd., based in Kyoto, Japan, makes the arcade version, and Coleco Industries, Inc., in Hartford, Conn., manufactures a table-top, stand alone unit for the home as well as video cartridges for the Atari, Intellivision and ColecoVision.

It is believed that one of Nintendo's research and development groups originally conceived the idea for *Donkey Kong*. Although no one is quite sure how or who thought up the



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game, it is known that originally the game was developed with a totally different cast of characters, says Ron Judy, vice president of Marketing for Nintendo America, Inc. based in Seattle, Wash.

Information on how Mario and the others came about also is unavailable. Nintendo has three separate research and development groups which work independently of each other, rarely knowing what one another are working on. The company does this to keep a sense of competition among the groups, Judy says. "It was one of these groups rather than an individual that developed the idea for the game."

Judy and colleagues knew little about *Donkey Kong* prior to when a

name," Judy comments.

"None of us then really anticipated the kind of reception it received," he adds. "We thought the game was good. But we didn't expect it to be as good as it was."

By September 1981, *Donkey Kong* had nearly completed eight weeks of test marketing in the Seattle area. The test results: satisfactory, Judy recalls.

Nintendo's main concern during the test marketing was that players would find dead spots—safe hiding spots where players can sit and do nothing during game play.

With satisfactory test results in hand, Nintendo began shipping machines to its network of distributors throughout the United States. In the

"I think at one point the game started to fall a bit," he says. "After week 20 we knew we had a great game," he adds.

In Japan, where *Donkey Kong* had been introduced into the arcades at about the same time it arrived in American arcades, revenues also skyrocketed. There too it received instant notoriety.

"I think that the key to its successs is that *Donkey Kong* is as much fun to watch as it is to play," Judy says.

During the game's test marketing, Nintendo officials observe that crowds of arcade goers enjoyed standing around watching the game being played. They found the game's humor and cuteness had wide appeal and provided entertainment. "Eventually those game watchers became game players," he says. "Most other games, it seems, don't really develop audience appeal."

The first *Donkey Kong* game machines were assembled in Japan and imported to America. At the height of *Donkey Kong's* production run about 50 percent of the nearly 80,000 machines in America were produced inside the United States.

It takes nearly 1 hour and 30 minutes for one person to build one *Donkey Kong* Machine, reports Minoru Arakawa, president of Nintendo of America, Inc.

Interestingly, Donkey Kong Junior has won nearly equal acclaim. Its revenues soared much faster than Donkey Kong's, though. Junior received instant recognition after being announced. Orders for the game poured in, Judy says.

At first, the Donkey Kong craze was slow in catching on. Now, the game, affectionately called "The Donk" and "the Donkey game" in the arcades, has what some call a cult following.

Just prior to the "donk's" emergence on the arcade scene, Coleco Industries earmarked a trusted company representative to perform a vital mission: Go tour Japan to find computer-video games for the company's expanding standalone, home arcade department and for its evolving ColecoVision.

Coleco's representative discovered *Donkey Kong* at a Japanese

"None of us then really anticipated the kind of reception it received. We thought the game was good. But we didn't expect it to be as good as it was."

near-completed portotype showed up in Seattle for evaluation in the summer of 1981. "My first reaction to the game was, we have to change the title," he remembers. "Everyone was coming up with slang for the game—like 'Donkey Dong' for example."

After the game received a close examination, which included timing each other's play time, studying the play action, graphics and sound, and trying to find bugs, Judy and colleagues sent a short research study off to Japan. They specifically requested the name be changed.

Also, they recommended Nintendo shorten the play times for the U.S. version of the game by making the game harder. After all in Japan it costs 50 cents to play the game. For the American version to be comparable is not only unfair, but not cost effective.

Nintendo in Japan agreed with much of what the Seattle group suggested. The play time was shortened. As for the name—Japan informed them it's too late. Copyright and trademark filing had already occurred. "We were stuck with the

arcades, *Donkey Kong* would receive a thorough going over by "shooters," those admired arcade game players who consistently attain high scores.

In the meantime, Judy and colleagues continued to monitor the test market. It was coming up to the pivotal tenth week of testing in which revenues from most arcade games usually drop. (Normally, Judy observes, when arcade games are first introduced into the arcades their popularity skyrockets. After about 10 weeks sales drop and then revenues plateau. Sometimes sales keep dipping.)

But when the test market hit week 13 and sales were still climbing, Judy and colleagues conclude only that the game will do well in the arcades. They still have little idea that the game would gain incredible notoriety.

By week 20, with revenues still on an incline from the test market, and soaring sales being reported in America's arcades. Judy then predicts that the game will make a profit for arcade owners. The notion that *Donkey Kong* would become a craze in the arcades still had not occurred to Nintendo or him.

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ARCADES

coin-op show. It was love at first sight. The representative nearly immediately dispatched a telex to the States telling of the hot, new game talent he uncovered.

"If you are so hot on it, sign it," Coleco answered back, reports Al Kahn, vice president of Marketing for the Hartford, Conn. company. "And he did."

By Christmas 1981, nearing a close were the contract negotiations on the game between Nintendo in Japan and Coleco. Both companies report that such negotiations went extremely smoothly. "We had dealt with Nintendo before," says Michael Katz, director of communication for Coleco.

Additionally, the Company's tour-

At frequent meetings with an outside public relations firm and advertising agency, packaging, sales tools, customer targets and commercials were specifically planned.

The end result of all these meetings brought to the airways "Mr. Arcade," the company's spokesman who shrinks arcade games into manageable-sized units for the home. And to sweeten the purchase of a ColecoVision, a *Donkey Kong* cartridge comes packaged with the hardware. "We felt the only way to demonstrate how good ColecoVision is, is to feature a good cartridge along with the game," Kahn says. "If we put a weak cartridge in, it would not show the machine's full performance."

"I think that the key to its success is that *Donkey Kong* is as much fun to watch as it is to play.

ing representative followed Coleco's directive precisely, executing the mission flawlessly. Several games were contracted in 1981. "We were singing simultaneously," Kahn says. "We also licensed *Donkey Kong Junior.*"

These signings offically marked the company's entry into game cartridges sales. Before then it had been making the small, home-arcade game units.

Once the Donkey game's contract became official, Coleco's designers and programmers went into action to transfer the game onto cartridges and into stand-alone units. The hard part of programming an arcade game onto other media is getting the game to appear as realistic as possible given the limitations of the system one is working on, Kahn explains. "Mostly, one is limited by memory, like on the Atari and the Intellivision.

"In the arcade version, the graphics are great. We tried to capture that greatness in our programs," he adds.

During the nearly eight months it took to complete the programming of the game, Coleco's marketing people attended several brainstorming sessions to decide the Donk's advertising, promoting and selling strategies. It seems, Coleco is another company whose experience with *Donkey Kong* always goes smoothly. Similarly to the ease and agility with which Nintendo successfully brought this game to the marketplace, after it literally showed up on the company's doorstep one afternoon, is how Coleco negotiated the Donkey Kong contracts and saw the game through to fruition on several different computer-video media.

Even when Coleco officials are asked, 'Who thought up Mr. Arcade?' Coleco's answer brings visions of Nintendo's answer to, who conceived *Donkey Kong* in the first place? 'It was not one person who developed Mr. Arcade,' Kahn says. 'It was the end result of several meetings with the company's advertising and public relations people.'

Kahn explains: "We wanted to come up with a company spokesperson. So we all did our homework and found out the high scoring game players in the arcades usually become well respected and popular among the other arcade goers. They call them 'shooters.' Mr. Arcade is fashioned after those expert game players. He is a shooter character."

Unlike Coleco's far-reaching, hard-

hitting advertising and promotional campaigns for the Donkey game, Nintendo's strategy involves advertisements which primarily appear in trade publications and target distributors and arcade operators rather than the end user. Judy of Nintendo says he feels it is critical that arcade game distributors and operators become aware of the game to get the machine featured in the arcades.

Rather than target consumers with the intention of getting the public to come into arcades asking for the game, Nintendo prefers to target the trade.

"An arcade machine is not like a product one pulls off the shelf and takes home," Judy says. "Perhaps, however, we could make consumers aware that the games exist and can be found at their local arcades."

In July 1982, Nintendo of America stopped producing Donkey Kong arcade machines. There is talk of Nintendo starting a second production run in 1983. But the company reports that it believes the game has reached an adequate saturation point in the United States.

Also, last summer, Coleco put *Donkey Kong* cartridges on the market. So far sales have been reported as better than good. And in the fourth quarter of 1982 the stand-alone version of the game became available.

Looking back over the marketing of the Donk, Kahn and Katz both say they would not do anything differently even if they had the chance to do it all over again. "We could nit pick at things, but overall we would not do anything radically different," Kahn says.

As for Nintendo's Judy, he too sees few changes he would make if he had the chance to do it again. He advises, though, next time around he may take a careful look at other marketing strategies for a product. "It is important to keep the various ancillary items—t-shirts, socks, hats, posters—in mind. These products really help to foster the popularity of an item."

Look at the impact of this product and such little effort went into getting it there, he suggests. There is even talk of making a *Donkey Kong* cartoon, he adds.

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Graphics Strive For Realism



By Ed Harrison

Video game technology has come a long way since a young engineer named Nolan Bushnell wrought the game of *Pong* upon an unsuspecting world during the early '70s. And suddenly modern computer technology became a way of life as *Pong* developed into *Breakout* which developed into race car games which later developed into maze games and then space games.

The introduction of *Space Wars* during the latter 1970s unfolded a new chapter in video game technology as it introduced vector graphics (bright white lines on a dark screen). Game sophistication took another major step forward shortly thereafter with the introduction of *Space Fury* which featured color vector graphics for the first time.

Since Space Fury, computer engineers have taken video game graphics to levels of sophistication that put the "real" in realism. And there appears to be no end in sight to the wonders of modern day technology. Video game graphics actually fall into two categories: Raster and Vector (or X-Y as it's commonly referred to). The Raster graphic, up

close, resembles a fuzzy row of colored dots similar to that on a television screen. Raster graphics, because they are the easiest and least expensive, are the most common variety. Mario the carpenter in Donkey Kong, Pac-Man and other favorite characters are all of the Raster graphic genre. Vector graphics are made by plotted coordinates on an X-Y monitor and are usually crisper, sharper and brighter. Tempest, Asteriods, Battlezone, Star Castle and others exemplify the vector graphic.

"The next breakthrough for the arcades will be trying to combine the Raster screen with the X-Y for a new effect," says Bob Lloyd, executive vice president and general manager of Data East Corp., based in Santa Clara, Calif., a leading manufacturer of interchangeable games (games simultaneously marketed for the conventional arcade use and for home systems).

"We're also working on new hardware to take graphics the next step beyond," Lloyd says.

If a song becomes a "hit" because of its catchy melody, universal lyric or a singer's unique drawl, then what makes one video game a hit and another a flop? Most coin-operated game manufacturers will say that a hit game must have exciting play action, clever marketing and promotion and perhaps more important now than ever before, visually stimulating graphic appeal.

In certain instances a rather routine and ordinary game can reach hit status soley on the strength of its graphics. Engineers employed by game manufacturers are ever striving to make each game more "life-like" than the next with the kind of realism that draws the player into the game and quarters into the machine.

Three dimensional games such as Sega's new *Subroc-3D* in which the player guides Subroc in all directions until meeting the ultimate adversary—a floating and flying Command Ship that zips in and out in an array of day and night three dimensional scenes embellished with stereo sound—are already having market impact. *Zaxxon*, another three-dimensional game by Sega, has been a runaway hit at the arcades because it gives the sense one can fly into the screen to meet the enemy.

Even the home video game systems are getting into the act of stressing arcade realism and making the player believe he is part of the action. While the general consensus among arcade game manufacturers, home system manufacturers, engineers and game operators is that arcade graphics will and always be more sophisticated, their home counterparts are making incredible gains in graphic realism.

"When talking about arcade games, you're talking about the highest level of sophistication," says Data East's Lloyd. "Intellivision (by Mattel) and ColecoVision is the next level and Atari is the third level. It's strictly a matter of memory and capacity.

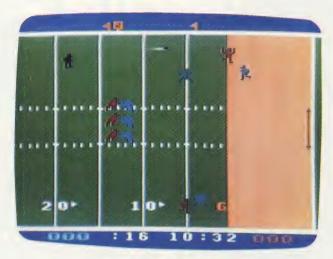
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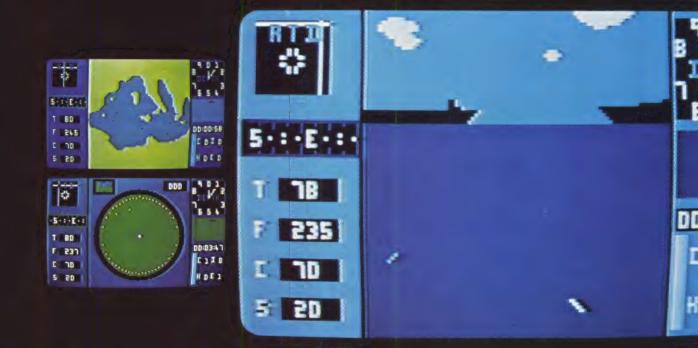
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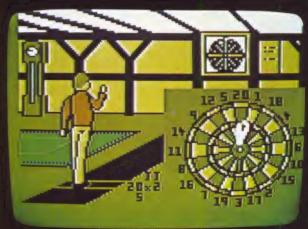


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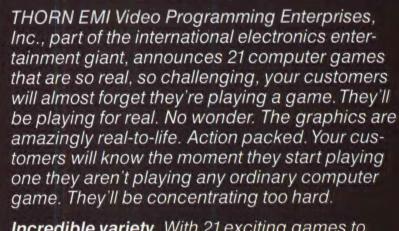
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ARCADES

whether it be in the colors or the moving objects. When taking an arcade game into the home you must decide on what to give up. But the level of sophistication in home games has increaced dramatically."

Lock 'n' Chase, a game developed by Data East, was manufactured by Taito for the arcades and licensed to Mattel for their Intellivision system. Although Lloyd says that the home version of the game "is very close" to its arcade couterpart, it still lacks some of the nuances and audio superiority of the arcade version. Data East's latest interchangeable game, Burger Time, will again be licensed to Mattel Electronics with Bally Midway manufacturers, Co. (makers of Pac-Man) to produce the arcade version.

more complex. It's not just graphics but also an optical effect. Our new *Dark Planet* has two layers and you play between them. The two different planes of graphics gives the illusion of coming at you."

Smith believes that the future of video games lies in their ability to provoke even greater realism. "Games will continue to become more complex with more special effects. People enjoy realism. Perhaps they will be able to link a film sequence with the game player and make the player interact with real life graphics on the screen."

Alan Kay, Atari's chief scientist, says the future of game development will take into account the players' point of view. "As games exist right

me of *Battlezone* where the player peaks through peap holes. It's not really 3-D but an illusion of 3-D. The most significant improvement in video game graphics," maintains Foley, "was the jump from black and white to color and the detail in the increased memory capacity of the PROMS."

Foley cites *Space Invaders* as being one of the best graphic games "because of the color overlays on the tube even though it was black and white."

"A year ago *Donkey Kong* was a significant improvement because of the game's detail, brilliant colors and changing screens." Foley also lists *Ms. Pac Man, Galaga, Joust, Donkey Kong Jr.* and *Jungle Hunt* among his most graphically arresting games.

Yet despite the sophistication of graphics, he still feels that the action of the game is the main selling point. So does Stern's Margaret Smith, and Data East's Lloyd. "The television ads for the home games are a food marketing technique," she says. "The home companies are trying to generate the same excitement as the arcades." Says Lloyd: "Look at Jungle Hunt. It's not sophisticated in terms of graphics, audio, or play movements. But it's a good playing game."

In the home game arena, graphics and arcade realism have become highly competitive selling points. Coleco's proclaims ColecoVision "brings arcade realism into the home." George Plimpton has become the ever present Mattel spokesperson, claiming Intellivision to be like "the real thing." Home arcade manufacturers such as Vectrex with their mini-arcade game versions stress graphics. Home computer software manufacturers such as The English Software Company, state their games have "superb arcadetype realism" along with software suppliers Thorn EMI, Broderbund. Imagic, Activision, Inc. Parker Bros. and others.

"The next breakthrough for the arcades will be trying to combine the Raster screen with the X-Y for a new effect."

"As home games become more complex, so do the coin-operated games," says Margaret Smith, creative director at Stern Seeburg. based in Chicago, a leading arcade game manufacturer and the person who interfaces with game developers. "The size of the chip and the amount of memory you can program is less if you're using a less sophisticated board. Commercial coin games are always ahead because the arcade games use custom chips designed for the company. And they're using a more sophisticated processor than the home systems."

"The Atari 800 is the most sophisticated Atari home computer," Smith says, "yet with *Centipede* played on it, it's a good, exciting game. But the play and graphics are different than the arcade version. The arcades use more powerful processors. Even games produced by the same company for home and arcade are close and enjoyable but not the same.

"Graphics add a lot but you still need a great game," says Smith. "Zaxxon, a flight game, in itself resembles others but the graphic display is different. The 3-D effect is now, the player is nearly controlling the behavior of the game character. In the future, the character's point of view will be more clearly defined and the player may actually become the ego of the character, thus extending the fantasy learning experience."

States Tom Foley, president of Benfield Sports & Fun Center in Millersville, Md., operators of five arcades: "With the electronic industry in general, it's purely a matter of how much memory you can put in. Home systems can't handle all the memory that an arcade game can but they are getting more powerful in their retentive ability.

"The microprocessors in the arcade are being fed by PROMS (programmable read only memory. There are also E-PROMS which are erasable and EE-PROMS which are electrically erasable) as opposed to RAM (random access memory, the most common chip and used it the memory of computers, storing the program currently in use).

"Both will become more powerful in the near future," says Foley. Foley doesn't put much faith in three-dimensional games. "Subroc reminded

Ed Harrison is a reporter for Broadcast Week. Prior to that he was with Games People, the arcade newsweekly, and before that, an editor with Billboard, the music trade newsweekly.



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SOFTWARE DIVISION

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Compact Disk: The Software Side?



By Martin Polon

After four of the toughest years ever experienced, the audio business is like a baseball team with a new pitcher up from the minors. Given time, that pitcher, using a radical new pitch, will win the Pennant and bring crowds back into the stadium. Digital audio, especially in the form of digital disk, is that new 'pitcher' and both the features and consumer charisma to bring buyers back into the audio ballpark. The big question is: "How Long Will It Take?"

Digital audio, via the Compact Audio Disk (CAD) provides substantially less noise than a conventional analog LP record. If a conventional analog LP record exhibits 55 to 60 dB of dynamic range, the Compact Disk's 90 to 95 dB offers many orders of magnitude of improvement. What this means is a freedom from the noise (pops, clicks, etc.) of conventional records with the added advantage of listening to music in an uncompressed form. Conventional records cannot accomodate the eighty decibel range of large orchestras or rock bands and the recorded sound is compressed electronically.

None of this is to say conventional

records are not capable of some excellent reproduction of music, if a number of factors are at an optimum. The number of times a stamper is used, the quality of the vinyl plastic used in the pressing and the tightness of the shrink wrapping have all had increasingly negative impact on the audio quality of the analog LP record since the 1970's. It is even rumoured that the quality of lacquer masters used initially to create any record have been so uneven that a major recording company had to circulate an internal memo condemning the entire process. The vinyl plastic used in manufacturing LP records is in large part reprocessed; the polyvinyl-chloride has a high toxicity and it is safer and less expensive to use old records as raw material. But this process leaves dirt and paper label residue which shows up as noise in a new record.

The digital Compact Audio Disk has none of the susceptibility to these and other problems suffered by the analog LP record. The digital disk stores music as a series of zeros and ones, which are mathematically equivalent to the music but immune

to any kind of physical imperfection. The player, itself, is a hybrid of the MCA-Philips laser videodisk system. Philips redesigned and re-packaged the system for audio use and with Sony's expertise in digital PCM (Pulse Code Modulation) and analog-to-digital conversion, formed a successful partnership to market and license the hardware and software for the system.

The Compact Disk uses a laser to track microscopic impressions or pits running outward from the inside of the disc. Operation of the player utilizes controls, similar to those found in a state-of-the-art cassette deck with functions of "play," "pause," "backward" and "reset." These controls allow the user to move the laser to any point on the digital disk. More advanced models will allow programming of selections in a different sequence and/or wireless control.

Philips and Sony have licensed more than 38 manufacturers to build Compact Disk digital players. Some of these manufacturers intend to produce a car stereo version to augment in-car cassettes. Others are looking at "Super Walkmen" with Compact Disks. Initially, the product has debuted in Japan, with 11 companies offering products. Denon, Hitachi, Marantz, Matsushita, Mitsubishi, Onkyo, Pioneer, Sanyo, Sony, Trio-Kenwood and Toshiba all have released or will release players to the marketplace in Japan. These manufacturers have assured the production of 12,000 units per month by the end of 1982. By the end of the first quarter of 1983, Sony alone expects to sell 15,000 units per month in Japan. Software, and this is currently the largest stumbling block for the Compact Disk, will come initially from CBS-Sony with over 100 titles scheduled for release and from 200 titles of the Philips stable of PolyGram, Deutsche-Gramaphone, Decca, etc. Denon and Toshiba-EMI will also provide releases. It is hoped that at the intro-

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Recently, a clear trend has emerged in the marketing of microcomputer software. With home computer installations overtaking the early lead of small business system sales, traditional computer dealers are forced to choose between supporting one market or the other. The following comparison chart illustrates the drastically different demands of the two categories.

	Business Software Retailer	Home Software Retailer
Number of hardware lines supported	1-3	6-10
Number of software titles carried	8-10+	25-150
Average time spent on a sale	3-20 + hrs.	1 min2 hrs.
Typical profit margin on software	50%	25%
Types of software carried	Accounting, data base Management, word processing, communications	Games, educational, communications home management, personal productivity
Average retail price paid	\$300	\$30

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SOFTECH

duction in the United States during the second quarter of 1983 (after preview at the Winter Consumer Electronics Show) there will be in excess of 300 titles available from various sources although other record companies are in negotiations, and many recordings capable of transfer to direct digital exist. The stumbling block appears to involve royalties.

Indeed, the relationship between Sony and Philips seems strained at the corners. One Philips source stated: "Officially, we are the best of partners." In fact, Philips and Sony have differed publically on several topics, including standards for studio tapes to be pressed onto Compact Disk and the release date for Compact Disk in the United States and

range, both here and in Japan. The players, however, are slated to sell in Japan at prices ranging from about \$650 for a Sony CDP-101 to \$925 for the Trio-Kenwood player with micro-processor programmer for selections. The goal is to hit the shores of the United States in the \$500 price range to establish a beachhead amongst critical listeners.

How well the digital disk fares depends upon its reception in America. The relative success ten odd years ago of the Elcassette in Japan and Europe could not overcome the lack of interest in the U.S. From that point on, the United States has been the pivot to swing world acceptance of audio and video systems. The digital disk will most likely experience slow

the digital disk. A&M Records has started to release cassettes using chromium dioxide tape, in the hopes that better recordings will reduce the public's desire to make copies. But there are no guarantees that the Compact Disk will replace copying. In fact, Sony's CDP-101 player has a sync output to connect with Sony's logic-integrated circuit cassette decks. This circuit puts control of both units at the Compact Disk player for what purpose. You guessed it, dubbing.

The Compact Disk and associated

The Compact Disk and associated digital audio hardware could provide audio with a tool to reinterest the public in quality listening. It also could be an avenue to hypo record sales with high quality recordings immune from any kinds of imperfections and manufacturer flaws.

The year 1983 may well become the point at which people remember the beginning of a digital disk. That the audio industry can benefit from this new technology seems clear. It is equally true that records will gross nearly \$4 billion in sales of singles, albums and music tapes in 1982. That is more than threatrical motion pictures or arcade video games will input in their separate categories.

The record business is still moving product, but the profitability and diversity of performance has waned, especially for popular music. It seems that digital disk will be the tool to reclaim much of this aural excitement. The stakes are high, since by 1990 digital players and digital disks could account for sales in excess of \$10 billion per year. Or roughly three times the current sales of analog disks. The presence of a digital disk system in the marketplace will slow the sales of analog disks very little, initially, with the two systems expected co-exist until the end of this century.

Further, the digital disk becomes the ideal tool to bring computer software into the home. The digital disk is, after all, a laser videodisk, and has the immense storage capacity of the LVD. Used as a computer software tool, it would allow one disk player in the home to provide both digital quality audio reproduction and computer software for personal computing applications.

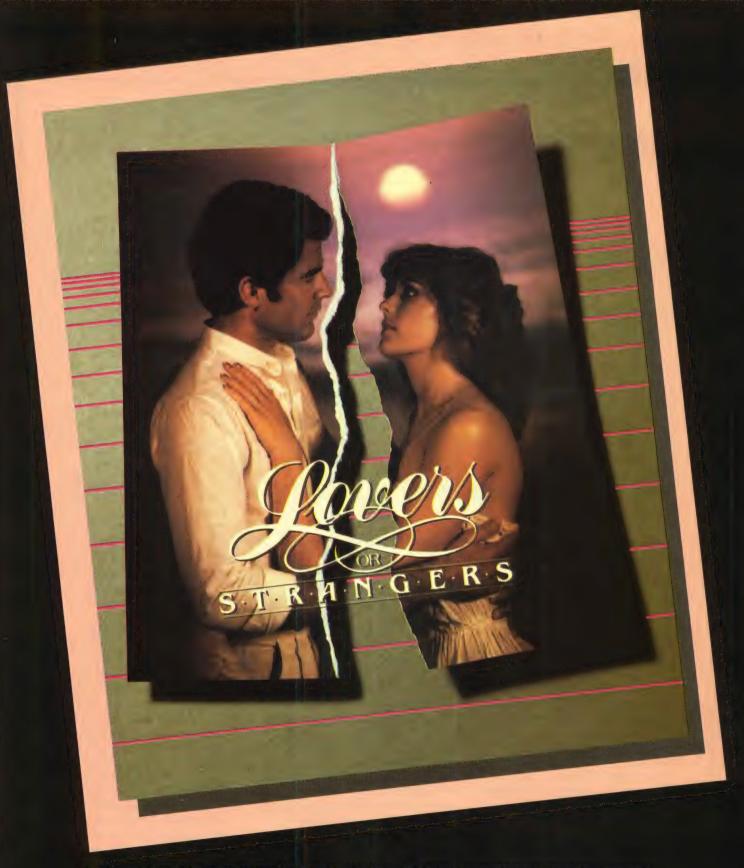
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Europe. Privately, sources in Philips state that the Dutch Company wants to recoup its huge investment in research and development. In the case of the audio cassette, Philips gave the whole thing away and watched the rest of the world get rich on the invention. Having done virtually the same thing with the laser videodisk, Philips has tried to obtain a royalty on each pressing of the Compact Disk. Sony, on the other hand, wants to keep software affordable and diverse and is less concerned with the economics of the royalty issue (or so inside sources assert). Whatever the rough edges, both companies have worked well together in moving a laboratory curiosity to the marketplace in less than five years.

Pricing on the players is the other major stumbling block, with the disks slated to be in the \$13-\$15 price

but stable growth as first the esoteric retailers and consumers, and then the up-trend marketplace makes the Compact Disk something to buy for those listeners who really care about their music. The mass market for Compact Disk will depend upon players priced for under \$500, so that a replacement market will develop. It seems clear that a Compact Disk player, priced in the \$200–\$300 range would tempt the average buyer interested in replacing an older record player.

The other factor which may impact the Compact Disk is a belief by some record company executives that the digital disk will provide such a high quality format as to discourage copying. The pricing of the Compact Disk is low enough to compete with the cost of high quality cassettes which cannot provide the audio quality of



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CIRCLE #133 ON READER SERVICE CARD

Many Happy Returns



By Ed Ochs

If this article were to be made into a horror movie, it might be titled "Many Happy Returns," because when you mention returns to manufacturers, distributors and retailers inthe videogame cartridge and home computer software markets, you scare the *hell* out of them!

And although it may be an alarming drama ahead of its time, for some, "Many Happy Returns" is playing just up the street and around the corner. The plot may sound faintly familar.

The record industry choked on them and elections aren't decided without them, and you never know whether you've turned a profit or a loss until the last return is in. "Returns are a real pain," Softsel Computer Products' President Bob Leff, laughs in light frustration. "Sometimes I think we're in the return business, trying to squeeze out a profit in between."

Not many industryites can talk about returns and make a joke about it in the same sentence. A spokesperson for Activision, Inc. states: "Return policies are strictly a matter between the company and its customers." If the September 28 New York Times is correct that "Most observers expect it (the video game industry) to be the record industry of the 1980's" then what's to keep the return woes of that industry from spreading here, too, clogging up the pipes in our electronic cottage?

With hotter, high-price product hitting the marketplace with the same 'beat' that 45's used to invade the record business, the danger of instant obsolescence rises dramatically, along with visions of product in warehouse and stockrooms. Says one manufacturer of hot video games, 'If you say it's an inevitability, if one were to make that comment or even assume that under his breath, that would be a horror story.''

New blockbuster software is breaking out weekly . . . title upon title, game after game. Can it happen here? Or is it already at the point of no return? Not your run of the mill Hollywood horror movie perhaps, not yet anyway, but a lingering return problem persists. As more product floods the market, and return policies differ from manufacturer to manufacturer, the software industry's ability to

keep the pipeline moving backwards as well as forwards may hasten or halt the immediate growth of the game-computer software market.

Despite standard warranties against defectives, limited stock balancing programs, and a few liberal dollar-amount exchange programs on the distributor level, virtually no return policy exists at the manufacturer level. Now, newer titles and games excite a "hit" product mania that threatens to leave "older" expensive product on shelves with nowhere to go . . . just you and a few thousand copies of "Many Happy Returns." Something's got to give.

Data Age, Inc. in Campbell, Calif. has a return policy for defectives only, and Herbert Herschfield, vice president of sales, sees both sides of the return factor, but from the manufacturer's point of view, there is no optimum return policy. "By mentioning a return policy it is hardly anthing but optimum. Obviously, from a retailer's point of view, 100 percent is optimum.

"Returns are a problem in almost any industry, because anyone that buys product for resale to the consumer would obviously like to have the ability to return the product if it doesn't sell, and I certainly couldn't blame the retailer for adopting that attitude; but also, a manufacturer in order to protect himself in that area, should it become a policy or standard, is going to build it into his pricing—and everyone suffers."

States Herschfield: "We do not endorse returns, and I don't believe that other companies endorse returns. I prefer careful, more knowledgeable buying, and I believe that all persons that share in the profits in the videogame industry should share the risks, and returns sent to a manufacturer can do nothing ultimately but result in degeneration of price."

But at the same time, if a manufacturer expects returns to be kept to a minimum, says Herschfield, "for re-

January 1983

70 Software Merchandising

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MARKETING

turns to become less and less necessary, then he's going to have to indulge himself in a little bit more cautious selling; and in the selective release of product, not the inundation of whatever happens to hit the fan.

"Returns can be minimized by more cautious buying on the part of the retailer and more intelligent selling on the part of the manufacturer, and that is the true key to controlling returns."

Herschfield would not draw parallels to the return problem the record industry has yet to recover from, where excessive returns on the part of the dealer, prompted by manufacturer's claims that everything was a smash, force-feeding the market with product. "I quite honestly hope that

"At the present time, with the profit margins we allow dealers and distributors, we're not interested in adopting a return policy . . . Something's got to give . . . For a \$29.95 game there's a lot of people out there getting their little piece of the pie, and our little piece is not huge."

Ackermann says they can't offer returns unless they cut profit margins, but they can't cut profit margins unless everybody else does, "because they'll just buy somebody else's product. It has to be done industry-wide," but "there's no organization in this industry right now that has any kind of power.

"I think eventually we're going to have to (offer returns). I think the whole industry is going to be forced immediately sell out. "If it's a good game people have been waiting for it. He'd say, Oh, this is a good seller, orders 10 more and finds he sells two of them and the other eight sit there for two years. It doesn't happen with all games . . ."

Ackermann advises "buying with care, not buying as many, buying what you know you can sell, and if you run out order just a few more. We recommend to distributors that they buy a month's supply."

Mark Bradlee, vice president of sales for Imagic in Los Gatos, Calif., says he feels that returns could "most definitely" present a lingering problem in the software industry. "It's already happened in many cases," he says.

"The business has evolved so fast," says Bradlee, "a year ago there wasn't enough software to fill the demand. In the space of 12 months that has changed totally, and (now) there is more than enough software; there's more software than the demand can possibly consume, so most people haven't been able to make that 180 degree turn and get into that frame of mind where they have to be concerned about that type of thing.

"The returns that are the big issue and the big concern are in terms of over-production of titles that haven't sold through to the consumer. It's a great problem everybody faces. The question is how are people going to address it and resolve it?"

Referring indirectly to incidents he claims have already occurred, he believes, "you can only flood the market so far and then there is a resistance to whatever you want to put out there."

At Imagic, Bradlee says, "We started from day one recognizing the way the business was evolving and the amount of product that would be able to be produced versus the number of products that would be sold. We've been very conscious about judging the lifecycle and the potential sales volume of each individual cartridge on its own merits."

What complicates the situation further, according to Bradlee, is that "manufactureres do not communicate about problems. It's so highly

"Sometimes I think we're in the return business, trying to squeeze out a profit in between."

that never ends up being the tradition in this industry, even though I know I'm living in fantasyland if I don't expect it to happen, because it already has happened.

"I do think there has to be an element of control at both ends of the spectrum, and I think that is the only method of controlling the plethora of product in the warehouse that doesn't sell.

Herschfield has no objections whatsoever "if the distributor elects to do it (handle returns). Obviously, we cannot compel the distributor to balance a retailer's inventory."

Can't afford the luxury

Says Jim Ackermann, operations manager for Sirius Software, computer software manufacturer in Sacramento, Calif.; "We sell 90 percent of our products through distributors, and some of our distributors have stock balancing and return policies. We give a pretty good discount pricing policy to distributors, and we feelthat they're making a fairly good margin and that they can afford to do that at their expense. If they come back to us, we in essence have no return policy for dealers and distributors.

to be more liberal in their return policies, but that's going to cost the consumer and the dealer.

"Our industry is following the record industry in a lot of areas," says Ackerman. "We feel that it's poor for a dealer to be able to get 40 percent markup and in order to do that and sell through distributors we have to give some pretty big discounts. We can't afford such luxuries as a return policy, or advertising co-ops, or demo discs. They're all expensive programs. Our expenses are quite high, and if we're going to continue giving a good discount on our products and come up with the best artwork and best games, we can't afford to do that.'

To avoid overstocking, Sirius recommends to dealers that they demonstrate older product; new product sells itself because "it's new. As a dealer, if you have an overstock of a particular game or product, it's not usually because the game's not good; it's just that it's been around for a while, it's not new—and to a new Apple owner it is new. So if you demonstrate the old stuff it'll sell."

Another common problem, says Ackerman, is that a dealer will order 10 of a new game, for example, and competitive that I don't see that it is going to be a reality in the near future.'

Nevertheless, Bradlee does not view returns as a "doomsday situation." He suggests that "there is a tremendous market for titles other than those hits of today. Those peole who are totally in the business will reap the benefit of the expanded lines." What can a manufacturer do to minimize returns? "Watch and see the trends and you see when a cartridge peaks and then starts down. It gives you the abiliby to adjust your production so that you can let it gracefully sell through, not replace, and the cartridge sells itsef out."

Mike Moone, president of the Consumer Electronics Division for Atari, Inc., in Sunnyvale, Calif. sees a number of reasons why "the things that happened in the record business I don't think could happen in this busi-

"Your cartridges are, by multiples of two and three, more expensive than records, so right away your inventory value is a heck of a lot higher than it ever was in records. The cost of carrying inventory was peanuts compared to what it is today.

"I think the degrees of sophistication, in terms of sales forecasting, manufacturing lead times, etc. are there in place, and the market couldn't be more predictable.'

The "predictable" cost of carrying inventory and "the fact there's less seasonality in this business than there was three years ago also says I don't have to roll the dice and hope to hell I sell what I ordered September I sell in November and December, I have much less seasonality at stake.

'There is a check and balance system that very few people are aware of. You go through the whole psychology of it and watch what it takes to get an order, to get an order through the system, what happens with it afterwards, and all the things that impact upon the product, and suddenly you realize, holy cow, it's very much sophisticated.

"At Toys'R Us, for instance, every morning at 9:00 they have the returns per store marked up, marked down, you name it, perpetual inventory, on a terminal in front of them. So there's no guesswork. It's total control, so there's another element that you have to throw in, the degree of retail sophistication or control of inventory that wasn't there in the record business."

Major differences between the record and software industries, the former founded on a consignment basis and the latter carrying two-three times the inventory value, assures Moone the return woes that beset the record industry went down with the recipe for a hit record and can't humm a note of the software tune.

Jon Loveless, vice president of sales for Synapse in Richmond, Calif., isn't totally convinced that Atari is on the beam. "Atari is being merchandised by mass merchandisers. ache.

"The day of reckoning has now come for the video distributrors. We have been buying, buying. It's taken us a little longer than a year, it's taken us two years. But the day of reckoning is here because out of a million dollars in inventory my guess is, minimum, 30-40 percent of that is obsolete merchandise. You don't have to be very much of a financial genius to figure that if you have \$400,000 of obsolete inventory, how long are you going to be in business, and with nowhere to go?"

Major Video buys strictly on preorder based on their own ABCD priority purchase rating system and stays on top of purchasing. "By doing that I've eliminated my problem

"The things that happened in the record business I don't think could happen in this business."

They are unfamilar with both the electronics part of it and the software part of it. The tendency is going to be to over-order, without question. But if the software companies want to get their software into the mass merchandiser they're going to have to consider very carefully what their return policy is going to be."

If inexperienced buyers over-order a product that does not sell, they're going to want to sent it back, says Loveless. "We're not 100 percent sure what we're going to do in that case, because what you have to be very carefuly of is that you don't cater to an over-indulgent buyer who puts a lot of stock on the shelf and finds out six months later they don't move. Everybody's out at that point. It's a very difficult problem."

Day of reckoning

"The distributor is really caught in the middle," says Herb Fischer, president of Major Video Concepts, a games distributor in San Diego. "You have an industry with absolutely no controls because studios aren't taking it upon themselves to have the controls. They have one thing in mind: How much can I sell and don't talk to me about returns, I've got a headfor over-stock. I still get hammered from the studios says, hey, you're a bigger distributor, better order more than this! I say, yes I will-when you allow me to return beyond what I'm ordering. I'm sort of at an impasse with them.

"They shove a lot of product down our throat," Fischer adds. "More often than not we have excess inventory based on the return privilege and it's just starting to stockpile."

Sometimes survival may depend on distributors helping dealers as opposed to just selling them. What do you accomplish by just selling them? Sasy Fischer, "You accomplish being a conduit from the manufacturer to the dealer and you don't accomplish the marketing strategy that's the necessity for this industry to survive.

"Nobody is marketing product, everybody is moving product out. The word marketing is a word that has been abused in this industry, and when you have a glut of merchandise and can't move it properly, what does a title mean? It doesn't mean anything unless you know how to market it."

Gene Silverman, president of Video Trend distributors in Farmington Hills, Mich., doesn't see a re-

MARKETING

turn problem yet, and hopes never to see one, but recognizes the early warning signals. "There are reasons why it hasn't gotten worse than what it is, because the video industry is still in a rising market and the pipeling is still in a growing state. At some point if there's a leveling off of the pipeline then the glut of product will come to the surface much more quickly, but when you keep having new dealers opening up and you're still able to spread some of the goods out to more new dealers than it's not quite as bad as when the dealers level off.

Still, Silverman sees a need to reduce return pressure. "The amount of product that is being released by the various manufacturers is in excess of what most dealers' needs are

Video Station in Los Angeles, does not see a return problem but a "tonnage" of titles coming out too fast too soon. There's so much more product than we can afford to buy. Too many stores, too many movies chasing too few customers." The high-price product is protection enough from over-stocking and returns. It's survival he's talking about.

"Video will get to that point where there will be 10,000 or 20,00 titles available in 1990, or whenever, but I think for the first few years getting stuck with a lot of deadwood is not our problem.

"Our problem is that there's a glut, very capital intensive, and the frustration is not returning the bloody things, it's affording to buy enough to

per'; you may be able to stock balance 20-30-40 but the rest of them are all yours.

"Our big enemy is cable, and what we're finding more and more is that sales shrank because the studios put a film out at the retail level they've already put out on cable, or they put it out on cable immediately, and all the potential customers tape it off the air, so why should they buy it?

"We're getting to the point now where we read the cable guides before we buy, because if the film's going to be on cable there's no sense buying a quantity of it or maybe buying it at all. Because they're going to play the film eight times in a given month on four different cable systems. That's thousands and thousands of dollars in sales lost down the drain that we'll never get back on that film because there's no point for people to buy."

Returns may not be a major problem for some manufacturers, distributors and retailers but they sure are a nuisance. Deep product research, quality control and stage-by-stage testing and development are manufacturer safeguards against returns, along with production quotas in sync with actual sales potential at retail.

Stock balancing and exchange programs attempt to spread out product and purchases to keep the pipeline open between distribution and retail. But will these measures maintain the delicate economy of the software industry? Are they protection enough against the return that burns a hole through the warehouse floor?

There always exists the potential for a return problem when dealing with product with a relatively brief lifecycle, especially if not sold in a short period of time. Yet, there are many kinds of computer software that do not fall into that category. Regardless, careful buying—and selling—is suggested unanimously on all levels—when thinking of purchasing tickets for the next shocking performance of "Many Happy Returns."

"They have one thing in mind: How much can I sell and don't talk to me about returns, I've got a headache."

or what they can afford. Consequently, whenever you have more product than what the marketplace can soak up you're going to be creating obsolency.

"There has to be some kind of pipeline to relieve this obsolency problem in order to make room on your shelves for new releases. Otherwise you're going to have to keep moving to larger quarters. It's not practical.

"More selectivity on the part of the manufacturers' releases would diminish the problem because the manufacturers are just throwing stuff out that really shouldn't be coming out. But everybody's interested in building a catalog and throwing productions up against the wall hoping a certain amount will stick out there.

"But if they were more selective in the quality of product that they released then there would be no obsolescency."

Adds Silverman, "Some manufacturer return policies allow wholesalers to stock balance 5-10 percent of what they buy, but they own the other 95 percent.

Too many movies

George Atkinson, president of

satisfy that voracious appetite of the consumer. Nobody's getting stuck with product, they're getting stuck with a short bank account. That's the real problem."

Chaz Austin, video merchandise manager at the upscale Nickelodeon store in Century City, Calif., considers careful buying the key in returns at retail, because "there's an awful lot of junk out there that doesn't move anymore." A return in stock balancing is "a bonus for any mistakes we might have made."

"If we, say, have some older titles that no longer move, we can swap then one-for-one or two-for-two for other product that might move. We could swap them for 80 copies of 'Bedtime For Bonzo,' if that was our choice."

Says Austin: "It's the retailer's problem, not the manufacturer's problem. It's not the record business where they're going to ship double platinum on 'Sgt. Pepper' and return platinum on 'Sgt. Pepper' What will happen in a case like that is you're going to have a lot of retailers stuck with product they can't move, and unless there's stock balance, which there is every few months, that's it. You bought 100 copies of 'Sgt. Pep-

Ed Ochs is a special issue editor for Billboard Magazine based in Los Angeles.

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CIRCLE #135 ON READER SERVICE CARD

Those Incredible Controllers



By Christine Begole

ny avid gamster who is familar with home video game play will go on at length about the importance of the controller to the longterm enjoyment of any home video game system. The design of the joystick, paddle control, or trackball determines how well a player is able to control the game action. Its responsiveness and how well it meshes with a player's personal playing habits affects the player's chances of success. Its looks, weight and shape, along with the placement of the controls defines how satisfying a home game is.

This may explain why one of the hottest new product areas for videogame and home computer dealers in 1983 is likely to be these controller devices. Judging by sales figures for the last few months of 1982, controllers are likely to become the **Accessory Item of the Year for 1983**.

Purchasers divide into two basic categories—those who are buying replacements (or substitutes) for less than \$500 videogame hardware (including Atari's 2600 or 5200 videogame consoles, Odyssey's game console, Atari's 400/800 home com-

puter, Commodore's VIC-20 home computer, Texas Instrument's 99/4A home computer), and those who are buying controllers for personal computers (in the \$500 to \$5,000 range). Most personal computer manufacturers currently do not offer controllers as optional accessories, though game software is available for use with computers intended primarily for more serious (often business) applications.

While in 1982 many video specialty stores, toy stores and department stores were content to stock replacement controllers supplied by Atari Inc., Coleco Industries, Inc., and other videogame console manufacturers, the opportunity that promises to be profitable for retailers in 1983 is stocking additional controller options. These controller options are made primarily by manufactureres who are not also in the business of making the game hardware—namely, Discwasher, Kraft, TG Products, and WICO, among others.

Computer stores that enjoyed the benefits of selling personal-computer-compatible controllers from such manufactuers as Kraft, TG Products and WICO in 1982 can look forward to greater product volume availability and greater variety in product types. These maverick controller manufacturers agree, in general, that they will at least double their 1982 unit sales volumes in 1983.

What are the differences between these controller products? What are the advantages and disadvantages of each type? Here's a rundown of the currently available products.

Apple

Apple's hand (paddle) controllers are compatible with the Apple II and are available to consumers at a suggested retail price of \$35.95 per pair. Apple makes two basic joystick controllers, one for use with the Apple II personal computer and one for use with the Apple III. Each sells for \$59.95. Apple also makes a numeric keypad controller for use with the Apple III at a suggested price of \$159.95.

Atari

Atari's replacement joystick for the 2600 video game system has a suggested retail price of \$14.95 per pair. It is a joystick with one-button firing. The button is placed in the upper left hand corner of the joystick base and users use two hands to control game action. Moving elements of the game are controlled with the joystick and the right hand. Firing is done with the left thumb.

The replacement joystick for Atari's new, more sophisticated 5200 system combines joystick, paddle controls, and keyboard controls. Fire buttons are placed in both left and right side panels of the controller, so left-handed users can opt to maneuver the joystick with their left hand, and fire with the right. Of course, these controllers can also be used giving preference to the right hand, as described above. The 5200 controller includes a pause button which allows players to put games on "hold". Its suggested retail price was

The Biggest, Little News in Joysticks yet.

These two tiny buttons give your customers the choice. Push one to engage the self-centering function of the TG Joystick, push the other to disengage it. No tools, no turning upside down, they're right at your fingertips.

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\$64.95 for Apple III* and IBM* \$59.95 for Apple II*

All mail orders add \$2.00 for postage and insurance.

Texas residents and 5% sales tax.

Allow two weeks to shipment.

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ACCESSORIES

not available at press time.

Touchpad controls, provided for use with the *Indy 500* and *Star Raiders* games, will have replacements available at suggested retail prices of about \$9.95.

All Atari controllers have a 90-day parts-and-labor warranty. The warranty period commences the first day consumers use the product.

Kraft Systems Company

Kraft's current controller line consists of two products, targeted at the personal computer (\$500+) market. Kraft Paddles are Apple II-, and IBM PC-compatible. Paddles require knob-twisting on the part of users, and are primarily used for side-to-side movement games like *Breakout*

handle. Suggested retail price is \$16.95.

TG Products

TG Products' controller line includes joysticks and paddles, and another controller type: the trackball. The joystick product is available in two versions-one is IBM PC-compatible, the other is Apple III compatible. Both are self-centering, but the self-centering may be disabled at the user's option. They sell to consumers for about \$60. The paddle controllers sell for about \$39.95. TG Trackballs are available in three versions: Apple Il-and III-compatible, IBM-compatible, and Atari-compatible. Trackballs look like a half-buried billiard ball. They are familiar to fans of Centipede, Missile

is usually influenced by the type of joystick found in the arcade version of their favorite games . . . WICO's line includes three joystick models. All connect directly to the Atari home video game, Atari 400 and

certain controller, and that preference

WICO's line includes three joystick models. All connect directly to the Atari home video game, Atari 400 and 800 home computers, Commodore VIC-20 home computer, and Sears arcade game console. Adaptors are manufactured by WICO to make the joysticks compatible with the Odyssey video game (adaptor: \$13.95), Radio Shack TS-80 Color Computer and Texas Instruments Home Computer (adaptor: \$17.95) and the Apple II personal computer (adaptor: \$21.95).

The best-selling basic joystick, dubbed the Command Control Joystick, has a bathandle-shaped stick and two firing buttons—one in the upper left corner of the base and one at the top of the stick. A switch is provided so users may choose which firing capability they prefer to be operational (both cannot be operational simultaneously—when one works the other doesn't). Retail price: \$29.95.

The RedBall Joystick resembles a commonly found arcarde-type joystick by the same name. Two fire-control options, as in the basic joystick, are built in. Retail price: \$34.95.

The Command Control Joystick Deluxe closely resembles the basic joystick in looks, but its base is bulkier and heavier (thus more stable in resting-on-the-tabletop playing situations) and its construction is heavier-duty overall. Suggested retail price: \$39.95

In the trackball controller area users must choose the one that matches their hardware. The model with connections for the Apple II costs about \$79.95 and includes two firing buttons. The models that connect to Atari home video game consoles and home computers, Sears arcade game, Commodore VIC-20, Texas Instruments Home computer, Radio Shack TRS-80 Color computer, and Odyssey video games, all come with one firing button and cost about \$69.95 each.

WICO controllers all come with a 1year limited (parts, no labor) warranty. The cord that is supplied is five feet

Computer stores that enjoyed the benefits of selling personal-computer-compatible controllers from such manufacturers as Kraft, TG Products and Wico in 1982 can look forward to greater product volume availability and greater variety in product types.

and Superbreakout. Kraft offers them at a suggested retail price of \$50. Kraft joysticks are compatible with Apple II, TRS-80 Color, and IBM PC personal computers. They incorporate a switch that allows users to choose spring center-return operation or free-floating action. Spring center return is preferred in most game-playing situations, but free-floating action is preferrable when using the joystick in a computer graphics applications. Suggested retail price is about \$70.

Both Kraft products include a oneyear limited warranty and utilize linear potentiometers, not switches, which gives more accurate cursor control and faster continuous motion, according to the manufacturer.

Discwasher, Inc.

Discwasher offers one controller product, the Pointmaster Competition Joystick. It comes with a 5-foot cord, and includes one firing button at the top of the grip-shaped joystick

Command, and Demon Attack, arcade games, among others. Users cup the palm of the hand on the sphere's surface and control the movement of the game elements by moving their hand in to spin the ball in the desired direction. While most joysticks can create up to a 60° arc. trackballs can move faster, more accurately, and more fluidly. TG trackball controllers have a suggested retail price of about \$65 and incorporate two fire control buttons that are recessed below and to the left of the ball control plane to facilitate unobstructed hand movement during play.

WICO

WICO is the largest manufacturer of commercial controllers and replacement parts for the arcade industry, and it models its home controllers directly after the arcade versions, in many cases using the same parts. WICO says that consumers choose controllers based on personal preference for the "feel" of a

long. There are 6-foot and 12-foot extension cords available. And the above-mentiond joystick adaptors may be used with any Atari-compatible joysticks to make them compatible with Odyssey, Radio Shack, Texas Instruments, and Apple.

What lies ahead

Apple says that it has looked into the popularity of the trackball controller and is considering developing one for use with its personal computers. If Apple decides to market a trackball, it probably will not be during 1983.

Atari says that it has no plan to change current controllers provided with its videogame consoles. Rather, it plans to add to its controller options

By May 1983 a Trakball controller compatible with its 5200 game system, larger than most trackball controllers—about 2/3 the size of the 5200 console, will be on dealers' shelves at an as-of-yet undetermined price. A trakball controller for Atari's 2600 system will also be available before the end of 1983. Atari also plans to add a voice synthesizer that will

function as an integral part of game play for the 5200 system and an adapter to allow 2600 system cartridges to be played on the 5200.

Mattel was unable to discuss whether it has plans to modify its game console to accept other controllers. It plans to introduce some changes in its hand controllers at the Winter CES.

Discwasher plans to introduce four new videogame accessories at Winter CES. One is a \$10 model that will be "directly comparable" to the Atari joystick. Another is a \$30 joystick which may include a rapid-fire button. The other two products could not be discused at press time. Discwasher plans to make its controller products available through videogame outlets, including mass merchandisers, in addition to the distribution network that it uses for its record care product line.

Kraft plans to introduce an Ataricompatible joystick at the January CES. It is the spring-return design, with an 8-foot cord, a one-year limited warranty, and a suggested retail price of \$14.95. In addition to connecting

directly to Atari videogame consoles and home computers, it will connect to Sears videogame console and Commodore's VIC-20 computer. In the first quarter of 1983 Kraft will debut a total of five or six new products to build a family of Kraft controllersfour products will be aimed at the personal computer (\$500+) market, and one or two will be aimed at the more popularly-priced home computer market. At the end of 1982, 85 percent of Kraft's products was sold through computer stores such as ComputerLand, and 15 percent was sold through other outlets. By the end of 1983 Kraft expects that 70 percent of its outlets will be computer stores and 30 percent will be other outlets. In 1983 the home computer market segment will become an increasingly large share of Kraft's dollar volume.

TG Products is working on an Ataricompatible joystick and plans to bring it to market sometime in 1983. TG projects sales of 120,000 joysticks, 40,000 paddle controllers, and 80,000 trackballs for 1983. TG products are currently sold through 400 computer-specialty stores. By the end of 1983 TG expects to add to that by 25 percent, projecting 500 computer stores by yearend. The anticipated entry into the Atari-compatible joystick market will also bring TG products to mass merchandisers. TG estimates that it will be in 4,000 such outlets when the Atari-compatible product is ready.

WICO is working on other adapters for its current joystick line. It is considering IBM and other computers and other home video game systems. It plans to come to Winter CES with some new products. It is now in 5000 outlets, and WICO expects to double that number during 1983. Currently, 30 percent of its outlets are computer specialty stores, 70 percent other outlets (including toy, department, and video specialty stores). WICO also expects its monthly sales volume to at least double over what it is by yearend.

Controllers Not Just For Games

Any computer user who depends on the machine for more than just game applications will go on at length about the importance of efficient cursor movements. Although to date controllers such as trackballs, joysticks and paddles have been popularly associated with rapid cursor movement, one device successfully used among academia is finding its way into the professional-educational-business communities.

The device is called the "Digital Mouse."

All the ruckus about this device comes by way of Pittsburgh-based Random Access, Inc. whose chief engineer and president, Richard Wolf, and colleagues recently invented an interface which allows the mouse to function on an Apple, IBM and S-100 personal computers.

The mouse can roll over any surface and has three programmable buttons on its front. It looks like a bar soap. But once this mouse's long, wiry tail is connected to a computer terminal, it becomes a device to manipulate a cursor.

It basically, functions as a more efficient pointer than current day cursor devices do when performing word processing or using accounting programs, like VisiCalc[®]. The user quickly can move the cursor to any location on the screen by rolling the device on a table top next to the computer. To make common adjustments in the text, one uses the pre-programmed buttons.

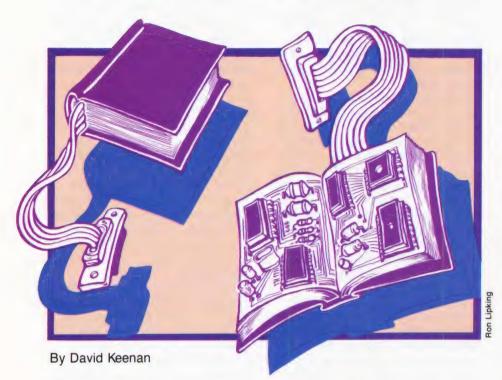
Also, Wolf finds that since the positioning and placement of the mouse corresponds with the cursor, it is an easy device to use. Young children can relate to the controller. This device may come to roost in the schools, he suggests.

With the mouse users can transfer drawings to the computer and position the cursor to precise locations. It is not limited by a single display screen or restricted by fixed columns.

-Faye Zuckerman

Christine Begole, a former editor at Glamour Magazine, is a New Yorkbased writer specializing in consumer electronics subjects.

Bookstore Goes Soft



gatha Christie, John LeCarre, Noble House, Hotel New Hampshire, Pac-Man . . . Pac-Man! That's right, add Pac-Man, Frogger and Zaxxon to the list of titles and authors available at the B. Dalton Bookseller in Cupertino, Calif. Computer related merchandise is ringing up big sales for several outlets, which traditionally had not been purveyors of computer merchandise. B. Dalton is taking advantage of this trend and it is paying off.

This Cupertino bookstore is one of 16 B. Daltons participating in a nationwide test marketing project. The test: to see if software and books about computers really ring up sales.

"We started in July carrying 50 software titles. Now we stock 250." reports Vonna Pimentel, assistant manager of the store. "We are now selling about 15 software packages a

In addition to stocking software in a wall-size display bookcase that lines one side of the store, B. Dalton sponsors computer fairs bringing representatives from the computer industry into the store to meet with customers and answer their questions.

'We had two successful fairs this year. We plan to hold two every year." she says. "They generally draw about an extra 50 customers into the store each day we have one."

But B. Dalton also sells a large volume of computer books. A large display table set up at the front entrance of the store carries nothing but newly released computer books. According to Pimentel an average of 10 customers a day purchase from two to four books each.

"We get beginners who are just starting to stock their libraries to those who have been at it for awhile and are just looking to supplement their libraries with new releases. We even have regulars who come in two to three times a week just to look over the new releases," she adds.

Generally found on B. Dalton's shelves are books on how to write gaming software and financial programs. Additionally, users manuals for the more popular microcomputers appeared in the store's book displays.

Missing from B. Dalton's shelves were books on how to win at computer games and those highly technical computer books that cost more than \$70. However, few customers ask for those types of books, a saleswoman at the store explains.

What books are people buying, then? Here is just a sample of some of the more popular books available on the market, today, observed at this B. Daltons.

For BASIC users there is a plethora of new releases on the market dealing with applications and uses of BASIC. Basic Computer Games-Microcomputer Edition by David Hahl. (Workman Publishing, \$7.95). publisher of Creative Computer Magazine, is a compilation of 101 microcomputer game programs using MICROSOFT BASIC Rev 4.0.

If games are not your customers' style, and they are up for more serious reading and BASIC applications, there is BASIC Programs for Home Financial Management (Prentice-Hall, \$12.95). This book is a seemingly well written, clear, easy-tounderstand description of 33 home financial management programs in BASIC.

These 33 programs are for use on TRS-80, Apple II and other common BASIC components. The author, W.B. Goldsmith Jr., includes operating notes, programming notes, sample runs and program listings.

Another book dealing with BASIC applications is DATA FILE Programming in BASIC (John Wiley & Sons Inc., \$12.95) by LeRoy Finkel and Jerald R. Brown. Also a non-technical book that takes the reader through the step-by-step process of how to program and maintain data files on microcomputers.

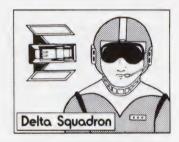
This is a self-teaching instructional manual, designed for business-professional users and computer hobbyists on how to write data file programs that are readable, efficient and useful. The manual uses TRS-80



ADVENTURES OF THE BABY SEA TURTLE

A fast action arcade game with exceptional designs, colors and sounds. Meet Clyde, a newborn sea turtle who must seek a safe haven in the underwater caves. Along the trail, he will meet his predators, who are out to eat him. If he reaches the magical level, he will seek to mate with Claudine.

Requires Atari 400/800 32K disk drive with Joystick. 1 to 4 players.

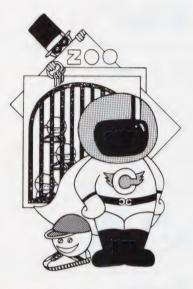


DELTA SQUADRON

is a strategic war game that really puts you in the pilot's seat. With this game you will experience the thrill and excitement of a real space pilot. **DELTA SQUADRON** is a "must" for all strategic game enthusiasts, and a change of pace for those who want challenge!

Requires 64K Apple II with DOS 3.3 and paddle.

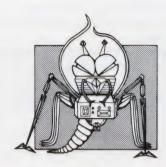




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BOOKS

BASIC, MICROSOFT BASIC and contains an appendix that covers Northstar BASIC.

For those interested in streamlining and improving the efficiency of their BASIC programs there is BASIC Faster And Better & Other Mysteries (IJG Inc. \$29.95). This book, by Lewis

Rosenfelder virtually takes the reader on a guided tour of BASIC programming. It provides tips and techniques to enable the users to increase the efficiency of BASIC. Containing routines and subroutines written in Level II BASIC, this book is from the TRS-80 Informational Series.

Several books about Atari computers were found there.

One of these books, compiled by the editors of Compute! magazine, entitled Compute!'s First Book Of Atari (Compute! Books-Division of Small System Services Inc. \$12.95). The book is published material about Atari computers that originally appeared in the magazine during 1980.

This book introduces first-time and experienced computer users to several applications on the Atari computer. The book provides tips and techniques on graphics, programming and other Atari applications.

Then, there is Compute!'s Second Book of Atari (by the same publisher \$12.95). It's a collection of previously unpublished material about the Atari. It also goes into detail about advanced programming techniques, applications, graphics and games.

Atari Games & Recreations (Reston Publishing Co., \$14.95) by Herb Kohl, Ted Kahn, Len Lindsay and Pat Cleland, includes chapters dealing with number and logic games, graphics, sounds, colors and word and guessing games. The book starts out telling users how to create easy games and then builds up to instructions on how to make complex creations and difficult game action.

Two books, one also about Atari computers, by Lon Poole, Martin Mcniff and Steven Cook are Your Atari Computer-A Guide to Atari 400/800 Personal Computers and Apple II Users Guide (McGraw Hill, \$16.95). The first book contains operating instructions, tips on how to trouble-shoot when something goes wrong, information on the hardware, peripheral and computer software.

This guide describes currently available programs in the first of the book's three sections. The second section for prospective or established programmers describes how to use BASIC. The third part is a reference manual.

Not only does B. Dalton carry books for the Atari, but books on using the Apple, IBM personal computer instruct such computer owners about programming for recreational and home-office applications.

The Apple II Users Guide (Osborne McGraw Hill \$16.95), is designed for

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use with both the Apple II and the Apple II Plus. It provides helpful techniques on programming color, sound and graphics. This book is crammed full of valuable information for Apple users. It contains detailed information on disk drives and printers, how to obtain high resolution graphics using Integer BASIC and tips on advanced programming topics.

A pair of books dealing with the CP/M operating system are Inside CP/M A Guide for Users And Programmers (Holt Rinehart \$22.95) and CP/M Word Processing (Que \$19.95). The first, by David E. Cortesi is a guide to CP/M, CP/M-86 and MP/ M2. In the book a tutorial presents the basics of use management and programming on a microcomputer with CP/M. Reference sections contain information about CP/M that users need to know every day. Syntax and operating rules for the CP/M are provided and supply the answer to almost any possible question the CP/M user has.

CP/M Word Processing, by Chris DeVoney and Richard Summe, details for the reader what word processing is and tells how the CP/M system operates. It also has reviews and recommendations for different types of hardware and word processing software packages currently on the market. The book provides the potential CP/M word processor with information on how to make informed choices.

The latest of Henry F Ledgard's series of programming style guides is Pascal With Style: Programming Proverbs (Haden \$8.50). Ledgard offers short rules and guidelines for writing more accurate and error-free programs. He offers a chapter on how to use the top-down programming approach with Pascal and introduces superior methods of program design and construction.

Que Corporation of Indiana has recently released a buyers guide for IBM personal computers. IBM PC Expansion & Software Guide (\$19.95) is a detailed product information guide.

This guide analyzes the five different operating systems available for the IBM computer. It also describes more than 800 products marketed by nearly 250 manufacturers that enhance the power and usefulness of the computer.

These books do not even scratch the surface of the number of books on display at B. Dalton.

Like many other outlets, the traditional bookstore with books ranging from astronomy to Zen is now capitalizing on the large number of consumers who are looking for information and goods that pertain to the growing computer revolution.

David Keenan writes about and studies computer science at the University of California, Santa Cruz.

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MERCHANDISER'S NOTEBOOK

G.A.M.E.S.

or many retailers, marketing video games has involved a conscious decision to shift away from the timeworn beaten path onto a brand new avenue. Not so for Joel Gilgoff. For Gilgoff, the owner of the Southern California-based G.A.M.E.S. stores, it was a shot in the arm, a little more ammunition to attract the fun-lover. Still, the man who founded a pinball-slot machinejukebox outlet in 1976 is probably just a little out of breath from keeping up with the changing technology. Just seven years later, the collectibles make up only 20% of his business, while commercial video games account for 50% of the over-\$3 million gross, and home video games and computers pull in a hefty 30% of the consumers. Not bad for the ex-IBM computer designer who started selling pinball machines out of his house as a hobby.

The most outstanding impression given durng a conversation with the forty-year-old entrepreneur, who still remains a kid at heart, is that he's running just as fast as he can to keep ahead of the trends. Guessing right is the only way this business pays off. he explains with a shrug of his shoulders. Take the home video games . . . "We have about \$400,000 worth of inventory. Typically, of the really good cartridges, we get 500 to 2,000 of each. We got 2,000 Coleco Donkey Kong for Atari and for Intellivision, for example. We are the first to get every new cartridge, even if we have to go out and pay retail for it. We pay a premium price to get early shipment from the distributors.'

The reason? "Sales never level off in this business. Cartridges go from big sellers—like Pac-Man—to nothing. There's no levelling. You have to guess right. The market for any cartridge is only two weeks. After that, you can't give them away. And price is not important. We've offered people the same cartridge now for \$45 or in a week for \$35. They always buy it now for \$45."

G.A.M.E.S. stocks all the major games made by Atari, Mattel, Col-



The G.A.M.E.S. flagship store is located in the Van Nuys suburb of Los Angeles.



Customers get plenty of interaction with the product at G.A.M.E.S.

ecoVision, and Vectrex, as well as the Atari 400 and 800 computers. But that's not where the money is. "The hardware is basically sold at cost or below cost," says Gilgoff." The money is made on the software and we stock all the software from all the different manufacturers for all the systems."

Perhaps the most unusual aspect of G.A.M.E.S., which stands for Great American Mechanical Entertainment Sales, lies in its product mixture of home and commercial games. A full half of the sales consist of commercial video games brokered to home and business-owners. Atari. Midway/Bally, Stern, Williams, and Sega/Gremlin manufacture the most popular machines, with Pac-Man, Defender, and Centipede heading the list of most-requested games. "We are a jobber," explains Gilgoff. "We buy equipment all over the country, new or used, from distributors. We recondition it and then sell it.

As you might guess, being situated in America's entertainment-business mecca doesn't hurt sales any. Tinsel town generates its own demand for flash. Big buyers of the 2,500-\$3,000-game machines for home use include the likes of local celebs like Cindy Williams, John Davidson, Michael Landon, and George Kennedy. These high earners are natural buyers for Gilgoff's sophisticated toys.

Another typical big spender at G.A.M.E.S. is the out-of-towner. Not your average Mom and Pop from middle America, but the world traveller who comes to investigate the glitter and glamour that characterizes Los Angeles:

"We just shipped four commercial video games to a sheik in Saudi Arabia. He just came in here and said 'I want those. Just put them in the boxes and send them TWA air freight to the palace of so-and-so in Saudi Arabia.' Those palaces are full of video games," Gilgoff reveals. It is, perhaps, an understatement to summarize that G.A.M.E.S. appeal to the upscale consumer.

The original basis for G.A.M.E.S., the so-called collectibles—pinball machines, slot machines, and jukeboxes, along with literature and the service/repair shop, take up a large amount of the 7,500-square feet

at the Van Nuys store, but only account for 20% of the total sales today. Also available are game tables and "data decor"-furniture for home computers.

In addition to the flagship Van Nuvs outlet, there are G.A.M.E.S. branches in near-by Torrance, Fountain Valley, and Century City, California. Interestingly, the Century City store. which is showcased inside the busy ABC Entertainment Center and has the most foot traffic, is the least profitable, despite its added stock of lowpriced novelty items specifically for browsers.

At the Van Nuys store, it's a different story. This is where the G.A.M.E.S. reputation was honed, out in the heartland of the San Fernando Valley, and the serious shoppers cruise down the obscure Valiean Avenue and pull up a mere ten feet away from the object of their desire. These shoppers know what they want, and Gilgoff is pleased to report that at least 75% of them buy it on their first visit.

For those that live too far away to visit Gilgoff's mechanical amusement centers, there is the G.A.M.E.S. mail order division, bringing in an estimated 10% of the company profits. Full-page color ads in national electronic game magazines advertise the two-dollar catalogs and nationwide 800-numbers, as well as the 24-hour hot line where customers can call in and get the latest information on cartridge availability.

A new computer system has the capacity to keep 50,000 customer profiles online: average purchase data, merchandise ordered, billing history, and shipping status can be accessed in seconds. The mail order division accounts for roughly onethird of the home video game software sold, and Gilgoff points out that every single brand of cartridge is available. Whereas Imagic, Spectravision, and Fox, for instance, may not be sold in all areas of the country, he claims, they can easily be accessed via the G.A.M.E.S. mail order division.

In addition to the national magazine ads, Gilgoff advertises in local newspapers like the L.A. Times, the Orange County Register, and the Torrance-based Daily Breeze. This



No, not a security guard. Just another in the mind-boggling array of gaming merchandise that can be found at G.A.M.E.S.

Christmas he decided to place spots on teen-oriented KROQ radio for the first time.

Although his stores have averaged a 50%-a-year sales growth, Gilgoff is quick to clarify, "That doesn't necessarily mean a 50%-a-year profit. The bottom line has been about the same. Each year, the amount of items we sell goes up, but the profitability per item goes down. So we remain reasonably constant in profit." So far, Gilgoff attributes his success to two marketing keys: 1) a very broad base, with a large selection of commercial and home video, and computer games and 2) very knowledgeable sales people who are highly paid and trained to demo the stock. The training program takes a month minimum, during which time the trainee works alongside his mentor. The expert demo salesperson specializes in just that-less skilled members of the sales force write up the orders and lead the customers to the cash register.

"The business as it exists today is not a viable business for more than another six months to a year," he announces, with more than a tinge of gloom in his voice. "I see absolute disaster ahead. Why? Because every drug store, every supermarket, every discounter will be selling these games within six months. There will not be any profit left. This business is being hurt dramatically by people

who don't really understand much about business. Cartridges are sold at swap meets for a dollar or two above cost, with no service, no demonstration. It's very difficult to compete with those people."

"The manufacturers are very poor planners-they rarely meet their delivery dates. Many times, they're off by as much as six months. We have customers screaming at us because the manufacturers have placed ads for cartridges that do not exist yet. They also may change the titles during the time period between when the ads hit and when the product ships. The customers are very sophisticated. They may even call the manufacturer and then call us and ask if we have a particular Coleco cartridge, for example. If we say no, they may say, 'Well I called Coleco and they said it was shipped to you on Monday, so how come you don't have it?' We get calls from irate mothers all over the country who want to know why our phone number appears on their phone bill 37 times in one month."

While profitability and distribution problems complicate matters for Gilgoff, he foresees an even deeper shadow looming on the horizon of 1983: a shadow known as apathy . . . "The public is getting burnt out on video," he prophesizes. "Arcades will also become less popular." Then what about G.A.M.E.S.? Is the electronic whiz kid's specialty outlet doomed to become a dinosaur before it reaches even its tenth birthday?

No way. Although Gilgoff is mysteriously vaque, his assertion is to the contrary: "I think there will be a lot more money spent in communications over the next few years. We're going into different areas of the electronics business—personal communications, telephone equipment, more sophisticated telephone terminals . . . I won't say anymore."

Our G.A.M.E.S. expert is not about to lay his hand out on the table just yet.

By Wolf Schneider, a freelance journalist who specializes in the entertainment industry. She also produces a talk show on KMET radio in Los Angeles.

MERCHANDISER'S NOTEBOOK

Programs Unlimited

or Jim Chamberlin, head of the first Programs Unlimited outlet on the West Coast, his merchandising philosophy might just as well be termed "sales unlimited." He's in the vortex of a retail whirlpool and he knows it. He also plans to navigate it right.

Chamberlin is part of a West Coast firm known as COG Enterprises, a company that has the exclusive rights to franchise other such stores as far north as the Santa Barbara County line, as far East as the Nevada border and as far South as Mexico.

Programs Unlimited is a major New York-based franchiser of "software supermarkets" or computer software specialists that plans to have several hundred such stores in operation within the next few years. They are a new breed (retailer)—the record store or book store of the future if you will.

The first Programs Unlimited unlocked its doors in late September 1982 on Ventura Blvd. in Studio City, a Los Angeles San Fernando Valley suburb close to affluent consumers and businesses. The geography is also within the stone's throw of the West Coast film and video community as MCA, Warner Bros. and Columbia are within hailing distance in nearby Burbank.

COG plans to open some 20-22 stores in the territory within the next three to four years. A second store is planned also in the San Fernando Valley. But that's jumping ahead a little bit.

Chamberlin is enthused about the premier West Coast locale. It's 3,500 square feet, 900 of that an upper mezzanine area which houses a small-classroom-like area which will teach neophytes and businessmen alike about the benefits of software.

The decor or ambience of the store is nouveau-tech all the way. In fact, the initial impression is a little like entering a spacious townhouse as a spiral staircase leads up to a mezzanine level. The store is evenly divided between business software



Studio City, CA is the home of the first West Coast Programs Unlimited computer software specialty store.



Aerial view shows the clean, high-tech look of Programs Unlimited.

and entertainment, recreational and personal enrichment software. There's also quite a lengthy rack of books and magazines on computer hardware and software, what's turning out to be even a more viable profit center than Chamberlin at first anticipated. Business in the few months overall? "Excellent," he replies.

"This is a very new and unique type of store. Lots of people are dropping in to see just what the hell we are all about." Store hours run ten to eight on weekdays, ten to six on Saturday.

"We're getting a combination of clientele . . . the curious . . . those that want to know more about computers . . . and, of course, the serious software enthusiast."

"My big concern," he further notes, "is to make parents computer literate. We're all reading in the consumer press about computer kids. We want computer parents. That's one idea behind the classes we intend to offer."

86 Software Merchandising January 1983

Of course, not all of Programs Unlimited inventory is software. Interspersed here and there are hardware units, primarily demo models such as an Apple II or an Atari 800 where interested consumers can interact with various software. The store also carries other hardware lines and offers a full range of accessories such as cables, interfaces and joysticks."

Merchandise adorns the walls, much the way it would in a paperback bookstore. To date, computer game sales have been hot, the retail executive notes, adding that he expects to do a great amount of dollar volume with business-related software but anticipates that game software will be the unit leader.

With the proliferation of software coming on the market today, how does Chamberlin know what to buy?

"That's the great advantage of being part of a franchise," he replies. "Those kinds of decisions are done at the home office back East. They do program evaluation and have a pretty good handle on what looks like a winner or what doesn't."

Another key ingredient for the store will be service and backup.

"That's how we are going to beat the record stores, the department stores and any other type of retailer who jumps into the category."

"Sure, you'll be able to buy a piece of discounted software from someone else but when it comes time for problems from consumers, those types of stores won't be able to cut it. Consumers will get what they need here. We plan to make this business of retailing software very professional. We don't plan to just bring in merchandise and push it out the door.

"For that reason, too, we have assembled sales personnel who are expert in practically all kinds of computer hardware and software. If a consumer has a question or a problem, we can solve it. We will have a complete service department."

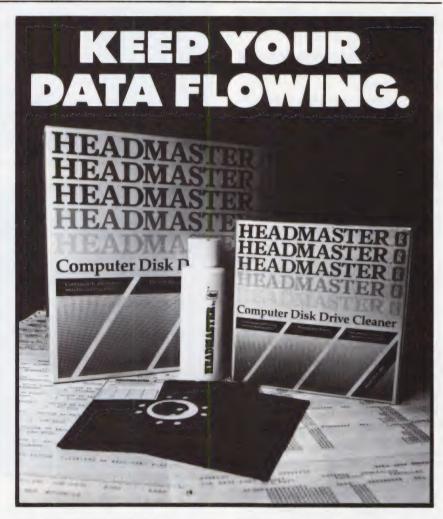
At the outset, Chamberlin adds, a conscious decision was made to stay away from video game cartridges and move straight away into computer software. Already he senses that business is tearing itself apart with an overprofusion of hardware makers and cartridge suppliers. Additionally, Chamberlain doesn't want to play the discount guerrilla warfare with games already evident in Los Angeles.

"And," he asks, "why not bite the bullet and spend another \$100 and get something both the child and the

parent can enjoy? The home computer can be a game and both a child or adult educational tool. Again, let's get parents computer literate."

"We don't plan to compete on price. We don't sell price. We sell service."

-Jim McCullaugh



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January 1983

MERCHANDISER'S NOTEBOOK

Columbia Audio/Video

he only places we haven't seen advertising the Atari VCS recently have been funeral homes."

"We've always sold a lot of video cassette recorders (VCRs), more than we should have for the size of our store."

"We feel we've always been able to do very creative things with our merchandising."

"We've set up our store to look like the world's largest small specialty shop."

The above quotes are from Gene Kahn, owner of Columbia Audio/Video in Highland Park, IL. What at first glance seems either irreverent or immodest, however, is actually, on reflection, an honest self-portrait of an aggressive and progressive retailer.

Columbia, begun in 1948, has been in the forefront of high technology retailing for many years, first in industrial video, then in consumer video, and now also in the world of video games and video software. And, true to Kahn's word, the store has instigated several unique merchandising programs during its history and revenues have steadily risen in this 'little store outside Chicago,' as Kahn puts it.

Kahn himself came on board the corporation in 1969, for the purpose of creating the store's video-systems department. "We were selling closed-circuit television and industrial video equipment," Kahn recalls. "But even by 1970 and 1971, we saw that the industrial video gear was being looked at very carefully by consumers."

Thus, when Sony Corp. came out with Betamax in 1976, Columbia—then carrying the title of Columbia Hi-Fi & TV—brought it in. "Our video systems department couldn't sell it at the time," Kahn recalls, "because of the one-hour limit. But our television store did." When Sony introduced the Beta II, Kahn adds, the store made its first real commitment to the video concept for consumers.

And, he recalls, those were adven-



Columbia Audio/Visual shifts to total home entertainment outlet.



Wall display shows a large inventory of Matell Intellivision game cartridges. Top two rows are marked new releases.

turesome days. "We would purchase VHS systems from anyone who could deliver them," he says. "The local RCA distributor would literally load up two or three in his trunk and carry them into our store." From those beginnings, Columbia quickly saw sales increase; out of a total floor space of about 400 square feet at the time, Columbia sold 150 VCR's in 1977, and nearly tripled that figure to 415 in 1978.

At that point, Columbia changed its name—to its current designation—and relocated to its current 3,500 square foot location in early 1979. While Columbia has two other

store locations—in Chicago suburbs Buffalo Grove and Rockford—the Highland Park store is the centerpiece of the corporation. Actually designed in conjunction with an architect supplied by Scandinavian audio manufacturer Bang and Olufsen, Kahn says the store does have a definite European feel—and one that draws visitors from around the world.

And make no bones about it, Columbia goes with the high-ticket items. The first thing that meets the eye, Kahn points out, is a \$10,000 Sony television, complemented by seven large screen projection sets

carefully placed to reside at exactly eye level when the customer walks in. The reason for the opulence is simple-the demographics of the store's clientele.

"Our typical video customer is 35 to 55, male, with a median income of around \$65,000," Kahn says. "There's a definite aura of snobbery in that customer profile, and it carries through, not just in video. We see it in video games as well."

One manifestation of that, Kahn adds, is in pricing. "We've been able to train our customers that the extra money they pay us is worth it." Thus, as a matter of policy. Kahn's purchases, particularly in the video game field, have moved with the development of new products. "New products are the ones that are most likely to maintain pricing," he explains. "Each year we specialize only in the newest hardware, while we continue to sell software for the older machines. We don't want to look silly, selling a machine for \$179 when everyone else is selling it for \$139."

Columbia moved into video games somewhat serendipitously, when Kahn purchased several Magnavox Odyssey games as promotional items for a Consumer Electronics Show. By 1977, the store had moved to the Atari line, selling a good number of the VCS systems. The store then migrated through Bally, to current product lines Mattel and Coleco. "Coleco is the sell program for this year," he adds, "but we're just hoping for delivery. That's the biggest problem we've had in the video game business overall—delivery. The game people are the lowest as far as delivery promises are concerned."

The store has also adopted a unique policy as far as software is concerned. "For example, there are now 51 titles available for the Atari system," Kahn explains. "We don't carry one single title, and the customers don't seem to mind." Why not carry even one Pac-Man? "We decided that if we couldn't support the entire line, we wouldn't carry just one or two," Kahn explains. "We do have Mattel in stock, however-we handle it in great depth."

Despite this seemingly idiosyncratic approach, Columbia Audio/

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MERCHANDISER'S NOTEBOOK

Video continues to do well in its product categories. Part of that success can be attributed to foresight and planning. For example, Kahn points out that 90 percent of all video game cartridge sales take place in the last quarter of the year. "Most retailers plan it so their shelves are cleaned out by January 1," he says, "but sales figures show that you have very strong sales after the first of the year. It's the razor-razor blade environment all over again. So we've found that we sell very well in those months, and we've been able to thus flatten that yearly sales curve a bit."

As one of the first video retailers in the country to set up a video rental program that included not only renting via charge card, but pre-reservation for rentals, Columbia takes a very aggressive approach toward its club customers. Regular promotional mailings are sent out, offering price reductions on blank tape or cleaning kits, a free video tape rental, and

similar inducements. Overall, the store has averaged about a 20 percent return on those mailings, giving the store an almost certain revenue base on a continuing pattern. The store will also be promoting its new video game rental program as part of a month-long "Sunday special" promotion that will also go to its club members.

Kahn attributes a great deal of the store's success to its sales force. which is directly supervised by his son. "They're perfect salesmen." he says. He also emphasizes that technical knowledge of the salesmen is an important part of the store's success. "It's not something that we stress," he says. "We don't try to overkill people. When was the last time someone asked you how a television picture gets on the screen? If you asked that of most television salesmen, they couldn't tell you. But we can. Usually, someone asks a technical question because they've

heard from a friend that they should ask it. We handle that politely—'If you knew this, would it make a difference?' At that point, the customer and the salesman both laugh, and the sale proceeds. But if someone does stump a salesman, he will stop the sale right there, and call the manufacturer in front of the customer, and get the answer. And often, if our salesmen don't know the answer, it may take two or three calls to the manufacturer to get it, because their people won't know it, either.'

Befitting the store's up-scale economics, the primary means of advertising is in the glossy monthly publication Chicago. "We've been running a one-page ad in the magazine for a long time," Kahn says. "We've recently started running two. as we've split audio and video into more distinct categories." Even though each ad costs more than \$4,000 to run, Kahn says it's worth it. "We've done some things that aren't typical, but they've worked. One idea was to turn the ad sideways and run a Chinese menu—letting consumers pick from various columns and choose their components for a flat systems price. And it worked."

What of the future of Columbia? Kahn definitely sees computers in the store's future, but also sees stumbling blocks. "The price reductions on personal computers-vou can buy one for \$99 now-make them very competitive with the video game machines that still cost you \$120 to \$300. But computers aren't yet ready to be the electric train of the future, where everyone in the family uses it. It's too difficult for people to use yet. When we get to the point where we can sell it on cosmetics—'With this model, you get white knobs and a beige case, or you could choose crushed chrome with silver knobs'—then you've really got a home market.

"It's like that television analogy. People are asking how the picture gets on the tube as far as computers are concerned—and we don't presume to know the answers. When computers become a part of the consumer household, though, we'll be there."

—Phil Missimore



Realism . . . the first requirement for all successful personal computer games. Players want real adventure, real action, real suspense, real challenges. Cosmi has overcome the ultimate challenge – to bring you arcade-quality games at prices your customers can really afford. Starting at \$9.95 retail, with a full mark up. Cosmi – the games where retailers always win.

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Future Tronics

t is most striking for its diversity; a wide assortment of electronic gadgetry and futuristic wizardry seems to spring from every nook and cranny at Future Tronics, in Los Angeles.

Located on a busy stretch of Boulevard in the trendy part of Los Angeles, Westwood near UCLA, Future Tronics seems to hold something for every age group. A businessman in three-piece suit eyes the personal computer hardware tucked away in a corner of the shop. Nearby a group of teen-agers is pointing out its favorite video game cartridges in the glass-enclosed cases that line the two main walls of the store, A family with young children is checking out an assortment of unique electronic instruments. Holiday gift buying seems to be on more than just a few minds.

It's the kind of hustle and bustle that brings a smile to the face of Hamid Eslami, Future Tronics partowner and manager. "I like to have people come in and have a good time," he says cheerfully. "It makes me feel good."

Indeed, the aptly named Future Tronics is a comfortable place to while away several hours in the afternoon. There is a steady walk-in clientele, a relative rarity in Los Angeles, and there is such a wide variety of consumer goods-some of which can't be found anyplace else in the United States-that it's easy to lose track of time. Unless one happens to overhear one of the talking watches or voice-activated alarm clocks, of course.

Eslami says since the store opened in 1979 he has worked hard to stock product that isn't usually found elsewhere, and to rely on top quality and follow-up service to build business. The strategy appears to be working: Future Tronics recently opened up a second similar store in Los Angeles. Eslami would like to open up several more by the end of 1983. Most of the advertising has been by word-of-mouth: Future Tronics has had several mentions on the Johnny Carson show, been included



Future Tronics, Westwood, CA is a new breed entertainment retailer.



Consumers are enveloped in a plethora of video and computer games, and other electronic goodies at Future Tronics.

on some local newscasts and gained some notoriety in chic city-wide publications.

The store carries among the most complete lines of home computer software anywhere. Hundreds of video games of all dimensions line the glass showcases. Most range in price from \$19.95 to \$44.95. Atari, Intellivision, Coleco-Vision and others are included.

There also is a small but solid line of computer hardware. Atari, ColecoVision and Milton Bradley's new Vectrex are among the video games offered. Eslami reports that ColecoVision has been the strongest seller. Its strong graphics, sound effects and line of popular games like Donkey Kong and Smurf are attracting buyers. The price also is appealing. Eslami says he's selling the system for \$100 less than the Atari line which long has been a strong seller there.

Eslami also reports the phenomenon of up-scale customers purchasing several home video game systems during a six month or one year period. "Some of them are buying two or three different systems. Our customers are different. They can afford to pay for different systems and they're doing it."

Eslami also reports some customer interest in Vectrex, a self-contained video game system complete with its own nine-inch screen. However, it is still unclear if large numbers of purchasers like the self-contained unit or prefer to link up with their own home television screens.

Eslami also reports an extremely strong demand for Timex's new personal computer. During a recent visit he was completely sold out and eagerly awaiting new orders. The \$100 price is appealing to all age groups. "It's the hottest thing on the market right now," he says.

Future Tronics also carries more elaborate computer systems: The new Xerox personal computer is available, as is Atari, Apple and other lines. But Eslami reports that cus-

MERCHANDISER'S NOTEBOOK

tomer response for all lines has been weak. He discounts none of his products, and many customers will be attracted to the shop, explore the latest computer offerings and then make purchases elsewhere to save a few dollars.

The situation frustrates Eslami but there is little he can do about it. "We don't discount at all. I can't afford it. The hardware doesn't do so good because there is so much discounting now. I see some things selling lower than my cost."

For example, he stocks Atari's home video game, which costs him \$136. "Some places like Gemco will have it for \$129. How do they do it?"

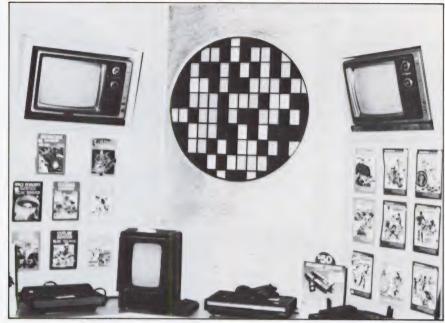
Eslami says his profit margin is only \$12 or \$13 on items like Atari hardware. "If I had a choice to not carry hardware for computers and video games, I wouldn't," he says. "But I have to have a complete line (of products) for my customers."

That line has grown during the last two years as Eslami's ideas for a unique shop have expanded. "We were a new concept in 1979," he recalls. "The idea was to put all electronic consumer goods under one roof. We've tried to get the cream of the crop. Everything I have is the best. I just pick the top of the line."

The 2,000-square-foot shop is divided into 11 different departments: Hand-held games; educational games; adult games (Eslami has chess and checkers in mind here, not X-rated product); watches; calculators; telephones and answering machines; home computers; video games; home entertainment (personal stereos, etc.); various gadgets (electronic pulse monitors, walkietalkies); and accessories.

Including accessories was an afterthought but a successful one. The store carries a full line of hard-to-find batteries and items like paper for home calculators. Since Eslami stresses service, he found including such items necessary. But including them also has introduced new customers to the shop. Now he says the accessories line is here to stay.

Some of the merchandise—like SONY's flat television which is to be marketed here as the Watchman—already is available at Future Tronics



Future Tronics is high tech in its display.

at a \$400 list. He imports the product directly from Japan. Eslami combs latest electronic catalogues, attends trade shows and visits the overseas markets himself to pick up on the latest electronic gadgetry before it hits the American shore.

The shipping costs make discounting impossible, he says. So does the fact that he carries so many competing lines. He isn't an official dealer for any of the leading manufacturers so no wholesale discounts come his way.

But he believes the independent route will be the most successful because customers who may be confused by the technology of home computers and video games know they will find the best of several competing brands at Future Tronics. "I may not get rebates but I don't care about it. I want to get the best product."

Telephones have been perhaps the most successful item in the store. He carries GTE, Pacific, ITT and other competing lines, as well as novelty items like gumball telephones.

Despite its locations near a university campus, Future Tronics attracts few students. Eslami believes this is because they simply do not have the funds for the electronic and computer products. Instead most of the clientele is young, professional and

upper income. "We get a lot of movie stars in here, too," says Eslami, who owns the shop with three others he describes as largely silent partners.

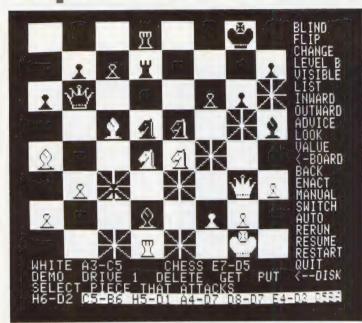
While overall sales are up 25 percent over last year, Future Tronics has lost a lot of its foreign clientele because of the strengthened American dollar's impact on tourism, An estimated 25 percent of the customers were Mexican and Argentinian nationals willing to purchase items that weren't available in their own countries. "Unfortunately, they're all gone," laments Eslami. "We lost good sales."

The second store in Beverly Center on La Cienega Blvd. opened just a few months ago and is similar in product categories and appearance. Because of its location in a shopping mall, it is smaller: about 1100 square feet.

"Business is continuing to grow," says Eslami. "The customers I have constantly come back. I haven't lost any (because of the recession). I want to open a couple of more stores ... all the big malls have invited us to go there and look. We can't afford to do it all but slowly we're getting there."

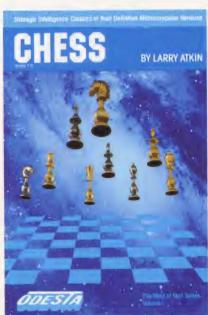
By Al Senia, an L.A.-based free-lance writer specializing in business, retailing, marketing and merchandising topics.

Explore the Frontiers of Intelligence

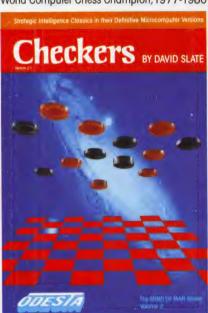


- Variations of blind-fold play—camouflaged or invisible pieces
- ◄ Invert board to play black on bottom
- ◆ Change pieces on board during game, or set up position
- ◆ Change between 15 levels of play, plus postal and mate-finder modes
- List played moves for each side
- ◀ Lines of force in: attacks and defenses on a square
- ◀ Lines of force out: squares attacked and defended
- ◆ Chess suggests a move
- Evaluation of a position
- Return to board or switch to command menu
- ◆ Take back a move (repeatable)
- ◄ Play move suggested by look-ahead search
- ◆ Chess plays neither side
- Switch sides
- ◆ Chess plays against itself—one level against another
- Replay through most advanced position
- Start new game
- ◀ Leave program
- Save, get, and delete games to and from disk
 All features self-documented; all choices cursor-controlled
 Screen shows "outward" and "look" features being used

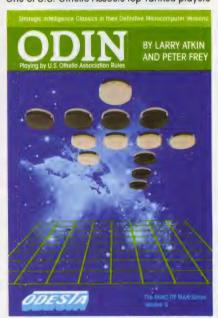
THE PEOPLE BEHIND THE PROGRAMS:



Larry Atkin & David Slate: Authors of the Northwestern University Chess 4.7 program— World Computer Chess Champion, 1977-1980



Peter Frey: Northwestern University professor Editor: Chess Skill in Man and Machine One of U.S. Othello Assoc.'s top-ranked players

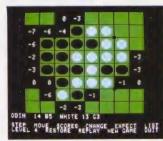




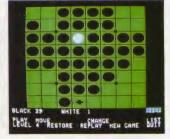
Checkers' features



Black to move and win
(From Checkers documentation)



"Scores" feature in Odin



A clue to the secret of Odin: Black is destined to lose.



930 Pitner Evanston, IL 60202 (U.S.A.) Chess: \$69.95 Checkers: \$49.95 Odin: \$49.95 See your local software dealer, or order (Mastercard or Visa): 800-323-5423

(in Illinois, call 312-328-7101)

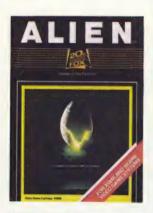
For Apple II, Apple II Plus 48K disk systems, and Atari 48K disk systems. Odin is also available for TRS-80 Model 1 & 3 32K disk systems.

NEW PRODUCTS



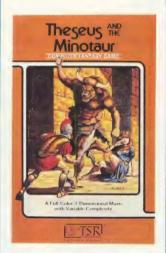
SMURF (RESCUE IN GARGAMEL'S CASTLE): Coleco. Gargamel has taken Smurfette prisoner, taken her to his castle and is holding her prisoner. The player controls a Smurf who must navigate dangerous woods, fields and caverns on the way to the rescue. Smurf will also encounter some scary creatures along the way. For use with the ColecoVision video game system.

CIRCLE #145 ON READER SERVICE CARD



ALIEN: 20th Century Fox Games Of The Century. You've seen the movie, now play the game. You're on the giant cargo cruiser Nostromo. After leaving a planet, you find the space transport's cavernous, maze-like interior hull strewn with alien embryos. Killing them one by one seems like the right thing to do . . . until that terrorizing beast with razor, beartrap jaws appears. You flee in desperation-to think, to plan-but as you turn corners, more aliens begin to 'greet' you. To paraphrase the move advertisements: "Don't bother calling for help. Remember, in space no one can hear you scream". For Atari and Sears VCS.

CIRCLE #146 ON READER SERVICE CARD



THESEUS & THE MINO-TAUR: TSR Hobbies, Inc. Okay, you Greek Mythology fans, here it is. This computer fantasy game is an adventure where a single player must trek into a three-dimensional maze to rescue the Princess Ariadne. Theseus must battle with the denizens of the Labyrinth, including the ferocious Minotaur. All creatures are done in high resolution color graphics. There are also variable degrees of complexity. For Apple with 48K.

CIRCLE #147 ON READER SERVICE CARD



JOURNEY/ESCAPE: Data Age. Video games and rock 'n' roll meet in this precedent setting product. The player goes "on tour" with the mega-platinum band Journey and the object of the game is to protect them from obnoxious paparazzi, shady promoters, crazed fans and other obstacles. Before time and money run out, the player must get the group to the safety of their scarab escape vehicle. There are even computeroriented snippets of two of Journey's best known songs. Atari VCS compati-

CIRCLE #148 ON READER SERVICE CARD



B-17 BOMBER: Mattel Electronics. The voice of your crew report approaching enemy aircraft. It's Europe 1943 and you control a B-17 flying fortress. Your responsibility; pilot, machine gunner, bombardier, navigator, and keep flying. Enemy fighters try to shoot you down-and flak bursts in the sky as you start a bomb run. It is one player against the computer in this game usable with a voice synthesis cartridge—for the Intellivision.

CIRCLE #149 ON READER SERVICE CARD



WIZARD OF WOR: Roklan Software, Corp. Who can conquer the Wizard of Wor? With one or two player action simultaneously the player or players enter a dungeon with a squadron of Worriers. There the action begins. Battle several monsters, survive the changing patterns of mazes, fight in the arena, the Worlord Dungeon and the pit, and then finally defeat the Wizard. Action available on an Atari 400 or 800-32K Memory.

CIRCLE #150 ON READER SERVICE CARD



E.T.: Atari. Your mission to help E.T. discover the three pieces of his interplanetary telephone, call his ship, and guide him to the landing pad in time to be rescued. Based on the mega-popular movie, all this has to be done before the charming little creature's energy runs out. Some of the other familiar characters are there, like Elliott and the FBI agents (beware of them!). Other obstacles, characters and situations are included to make this film-to-video game transition filled with dramatic, filmic game play. For Atari and Sears VCS.

CIRCLE #151 ON READER SERVICE CARD



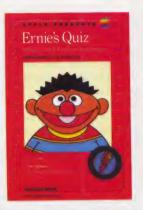
AIRSTRIKE: English Software company. A number of enemy defenses stand in the player's way. After each pass through, the player enters a new level which is more difficult than the previous level. The mission: to attack the enemy's defensive fortress. The player is equipped with the last of a Mark V fighter bomber, and armed with the "Quark" bomb and a laser cannon. Of course, being of the Mark V class the ship suffers from a limited arsenal due to its small size. This, however, is compensated for by the ship's speed and maneuverability. For the Atari 400 and 800 (16K).

> CIRCLE #152 ON READER SERVICE CARD



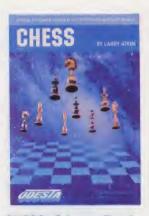
THE BLADE OF BLACK-POOLE: Sirius Software, Inc. In this adventure game for the Apple II or II Plus (48K) players must recover a magical sword and return it to the altar from where it was stolen. Although this sounds simple enough, it isn't. Playing this game involves solving several puzzles to reach success. 'So come hither, be ye brave. For if ye seek a life of adventure, ye too must go in search of the Blade of Blackpoole. Travel with wisdom and cunning and the magic powers of Myraglym shall be for none other."

> CIRCLE #153 ON READER SERVICE CARD



ERNIE'S QUIZ: Apple Computer. The muppets come to roost in the computer in a series of educational discovery games from the Children's Television Workshop. Ernie's Quiz, for ages 4 to 7, includes Muppet and number guessing games and a program that allows children to create a face using game paddles to select from a variety of eves, noses and other facial features. All packages come with activity booklets of ideas for using the games. Works on the Apple Il or Apple II Plus systems.

> CIRCLE #154 ON READER SERVICE CARD



CHESS: Odesta. The firm bills this game as a strategic intelligence classic in its definitive microcomputer versions. Recreational as well as direct educational value are offered to the end user. There's a vast array of playing features, all totally cursor-controlled. Detailed instructions for the beginner and unending challenge for the more proficient are also offered. The documentation, itself, is comprehensive, covering strategy, features, history and rules of the game. Bobby Fischer, Boris Spassky, Anatoly Karpov-are you listening? For Apple II and Atari with 48K.

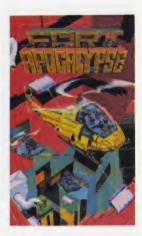
CIRCLE #155 ON READER SERVICE CARD



SPACE BOWL: Gamma Software. It's a championship sporting event for a species of extraterrestrials called "Denebs." In this new genre of computer game—a combination space and sports gamethe battlefield is "black space." Goals orbit the field and serve as moving targets for the fierce play action. The Denebs enjoy strange extraterrestrial characteristics which include undergoing reincarnation when zapped by lasers. They also can become invisible. All this makes Space Bowl an extraterrestrial sporting event for the Atari 400 and 800 (16K minimum).

CIRCLE #156 ON READER SERVICE CARD

NEW PRODUCTS



FT. APOCALYPSE: Synapse Software. The Sky Dwellers have hand-picked

you, an assault pilot, to take on an evil edifice deep inside the Earth's granite mantle. There, the warlords of Kraltha live, a deadly species that dominates the inner Earth. You must take your Rocket-Copter and plunge downward. Along the way you encounter Wormlings, Servo-Tank Interceptors, Robo-Choppers, and Kralthan Disruptor fields. It gets worse. Then there are the vaults of Draconis, the Rotating Field-Envelope and the Crystalline caves that surround the Fort, were, ultimately, the battle of life and death is waged.

THE ARCADE MACHINE: Broderbund Software. Want to design and produce your own computer game? Here's your chance.

Among features your individualized games will have are: animated, full-color monsters and other players designed and drawn by you; dramatic explosions and sound effects; automatic scoring and high-score features; colorful title page with your title and name in large graphic letters; one or two player options; and they are menu driven for easy use. Arcade games are created entirely in machine language for fast and smooth arcarde-quality animation. Requires 48K Apple II Plus of an Apple II with Applesoft in ROM or RAM and will run with a 16 sector controller.

CIRCLE #157 ON READER SERVICE CARD

CIRCLE #158 ON READER SERVICE CARD

AREN'T YOU LUCKY **GAME DESIGNERS**

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Introducing a Game Development System for the Atari® 2600 VCS™

We call it the **FR0B™** and we supply you with just about everything you need.*

You get an Apple® peripheral printed circuit board and an in-circuit emulation cable and two cartridge adapters and a diskette full of software subroutines and a user's guide to the system and a subscription to the FROBBER™ newsletter and a one-year software update service and licensing support for your game concepts. Now available for the Atari 5200 HES™.

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*Requires an Apple II and Atari VCS with no modification to either machine. Atari and Apple are registered trademarks of Atari, Inc. and Apple Computer, Inc. respectively. VCS and HES are trademarks of Atari, Inc.

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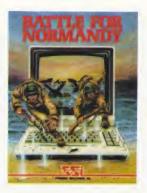
Toll-free (except in IL): (800) 323-0116. SoftCenter West, 486 Landsdown Circle, Rohnert Park, CA, 94928. (707) 795-3489.



MILLIONAIRE: Blue Chip Software. Players enter the world of Wall Street by manipulating nearly 15 different stocks, which include IBM, Bendix and Exxon. Its a cor-

porate brouhaha as dazzling transactions, call options, buying on margin, borrowing against net worth and other wheeling-dealing occur. Players can summon each of the 15 stocks' histories as well as week-byweek industry trends and graphs. Jim Zuber, the author, calls the game "reallife accuracy." The game is for both the experienced and inexperienced stock market purveyor. Available to run on the Apple II Plus and III, the IBM PC, Osborne and other CP/M systems.

CIRCLE #159 ON READER SERVICE CARD

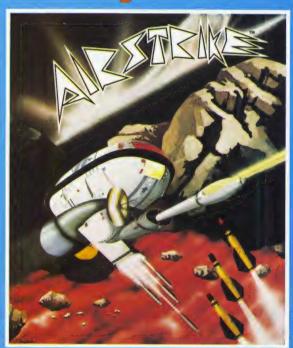


BATTLE FOR NOR-MANDY: Strategic Simulations Inc. D-Day invasion is recreated in this game where players must penetrate as deeply as possible into the European continent

and capture the port of Cherbourg and the towns of St. Lo and Caen. June 6 to 30, 1944 is the program. As allied commander, the player commands 33 American and British combat formations which vary in quality of unit leadership and fatigue levels. Weather conditions must be considered at all times in order to land on the beaches of France. Additional obstacles stand in the commanders' way. The game comes with a rule book and two player cards with maps. For the Apple II Plus (48K), Atari 400/800 42K cassette and 40K Disk and the TRS-8-Model I & III 16K cassette.

CIRCLE #160 ON READER SERVICE CARD

Very, very, difficult!



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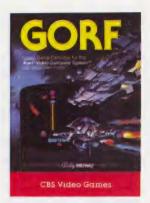
The English Software Company

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Direct orders welcome.

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NEW PRODUCTS



GORF: CBS Video Games. Adapted from the Bally/Midway arcade game, this may be one of the hottest solar system 'shoot-emups' to come along. You're Earth's last hope. The treacherous Gorfian Empire has destroyed the Interstellar Space Force Command. Now, Flying Gorfs, Deadly Droids, Kamikaze Invaders, Laser Attackers, Neutronium Ships and Subquark Torpedoes attack you, Space Cadet, in successive missions as you attempt to achieve your ultimate goal-confrontation with the all-powerful Gorfian Flag Ship. Atari and Sears VCS compatible.

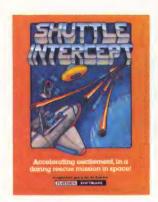


TAX DODGE: Island Graphics. Real life economics got you down? Here's a chance to stick it to Uncle Sam vicariously. In this high resolution scrolling game, all you have to do is negotiate the maze, collect money, survive inflation and avoid the taxers. The tax bite approaches from all angles but you do have some help from deductions, tax havens, accountants and lawyers. The game is played in a series of rounds, each representing a year in the life of the taxpayer. But beware of audits! Make more money and try to hang onto as much of it as you can. For Atari 400/800.

CIRCLE #163 ON READER SERVICE CARD

CIRCLE #164 ON READER SERVICE CARD





SHUTTLE INTERCEPT: Hayden Book Company, Inc. Players manipulate a spacecraft to retrieve friendly satellites bearing vi-

tal data. At the same time enemy spacecrafts, satellites, missiles and meteors come after the player's craft, which can only survive two direct hits. Once all the friendly satellites get caught, the players space ship automatically goes into hyperspace, entering a higher quantum. In hyperspace the player encounters a greater number of enemy crafts, satellites. missiles and meteors. Author Jon Van Ryzin brings arcade excitement to a daring rescue mission in space. For the Apple II computer with 48K.



FACE MAKER: Spinnaker Software Corp. This educational game for ages 4 through 8 teaches children to draw a face by having them chose from sets of eyes, ears, noses, etc. Additionally, youngsters can make the face smile, wink, frown or wiggle its ears. And to help improve memory and concentration skills. children are asked to repeat the sequences of faces shown on the screen in the third phase of the game. It works on the Apple II+ (48K).

CIRCLE #165 ON READER SERVICE CARD

CIRCLE #166 ON READER SERVICE CARD



Apple II + equipped with 48K, DOS 3.3 and

1 or 2 disk drives. Two disk drives are

required to delete or add words to the

dictionary. The price is only \$125.00

processor that does not

Works with the Pascal Editor

PASCAL

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NEW PRODUCTS



AZTEC: Datamost, Inc.

Try to unravel the secret pathways to the priceless idol. While on the way, players must fight poisonous cobras, giant lizards, hostile Aztec guards. But on the adventure hidden weapons and special aids can be uncovered to help the players on their quest. Beware of the death rooms and trap doors; you may not make it back. For the Apple II computer.

CIRCLE #170 ON READER SERVICE CARD



SIDEWRITER SM

versatility—you can expand your Atari 400 or 800 by adding the "Sidewriter" so you can have a full keyboard. portability—we designed "Sidewriter" to go where you are, if you

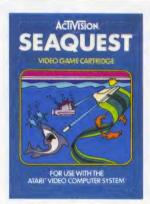
want to sit at the table or in a chair "Sidewriter" goes with you.
affordability—"Sidewriters" available as components, completely installed or DIY. See your dealer for competitive prices. Dealer inquiries invited





BLACK HOLE: Creative Software. An ominous black hole draws your ship and pace debris in. The player tries to survive the pulling forces of the black hole by manipulating a spaceship. Be careful of the flying space debris that can knock the ship out of commission as well. Points are scored by using a laser cannon to destroy the space debris. For the Commodore VIC-20.

CIRCLE #169 ON READER SERVICE CARD



SEAQUEST: Activision.

This nautical adventure and action game provides deepsea, treasure-hunting excitement and underwater naval battle action in shark-infested waters. The player controls a submarine, which must locate a team of scuba divers, who have found the treasure. The game is by Steve Cartwright and is compatible with the Atari and Sears Computer Systems.

CIRCLE #171 ON READER SERVICE CARD



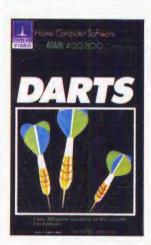
SPACE STRIKE: Datamost, Inc. You want to be an ambassador of the universe, ready to greet what you think are a friendly group of newly discovered aliens on an asteroid. But this group wants no part of the Earth Federation. Bugeved and maniacal they begin to attack and bombard. You have to fight back with every resource at your disposal-not only to save yourself and the Earth but perhaps the entire solar system itself. For IBM-PC.

CIRCLE #173 ON READER SERVICE CARD



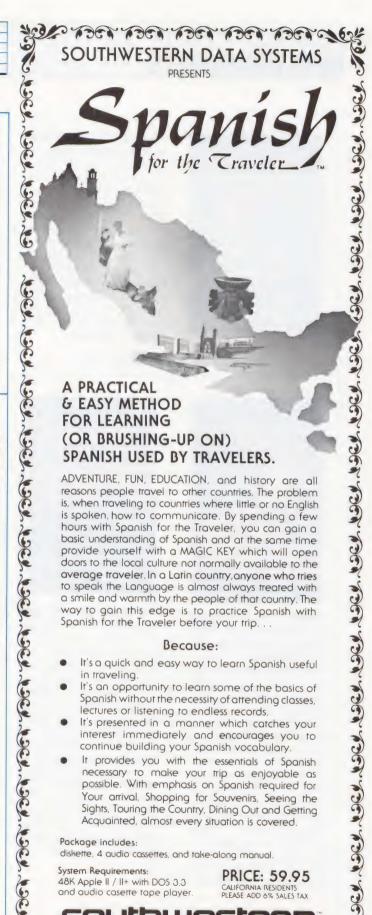
GALACTIC BLITZ: Tronix Publishing, Inc. It brings high adventure, fast action. If you're the spectator type, find another sport. In the far reaches of space comes hordes of aliens. These aliens have 15 different play patterns and several reserves waiting calmly to enter the fray. Each time the player puts an alien out of commission, several more enter the action like linebackers who have been benched all year. But the player's outerspace vehical comes equipped with laserballs, photonpasses and faserpunts. Using one's tactical evasive skills, fight off those aliens. For the Commodore Vic-20 in 100 percent machine code.

CIRCLE #174 ON READER SERVICE CARD



DARTS: Thorn EMI Video. Don't want to go out to the local single's joint for darts? Bring the game and a drink home with this computer game. All the standard rules of the classic apply. Your dart will even hit a wire and bounce straight out again if there's an errant toss. Even if you get a little sloshed, don't worry about the scorekeeping. The computer will keep everyone's score on the chalks. Any number up to a maximum of four can play (even the computer!) There are 10 levels of skill and over 300 game variations. For Atari 400/800.

CIRCLE #175 ON READER SERVICE CARD



ADVENTURE, FUN, EDUCATION, and history are all reasons people travel to other countries. The problem is, when traveling to countries where little or no English is spoken, how to communicate. By spending a few hours with Spanish for the Traveler, you can gain a basic understanding of Spanish and at the same time provide yourself with a MAGIC KEY which will open doors to the local culture not normally available to the average traveler. In a Latin country, anyone who tries to speak the Language is almost always treated with a smile and warmth by the people of that country. The way to gain this edge is to practice Spanish with Spanish for the Traveler before your trip. . .

Because:

- It's a quick and easy way to learn Spanish useful in traveling.
- It's an opportunity to learn some of the basics of Spanish without the necessity of attending classes. lectures or listening to endless records.
- It's presented in a manner which catches your interest immediately and encourages you to continue building your Spanish vocabulary.
- It provides you with the essentials of Spanish necessary to make your trip as enjoyable as possible. With emphasis on Spanish required for Your arrival, Shopping for Souvenirs, Seeing the Sights, Touring the Country, Dining Out and Getting Acquainted, almost every situation is covered.

Package includes: diskette, 4 audio cassettes, and take-along manual.

System Requirements: 48K Apple II / II+ with DOS 3.3 and audio casette tape player PRICE: 59.95

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CIRCLE #177 ON READER SERVICE CARD

Software Merchandising 101

NEW PRODUCTS



TRANSYI VANIA: Penquin Software. Where is the captive princess? She is being kept in Transylvania. Your mission; rescue her. This high resolution graphic adventure games requires the player, the hero, dodge a vampire and werewolf in a forest, through a castle or somewhere else while collecting clues on the whereabouts of the princess. And the hero must put all the clues together in time. Applesoft is required.

CIRCLE #178 ON READER SERVICE CARD



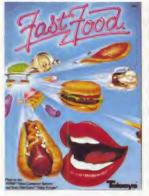
KNIGHT OF DIAMONDS (WIZARDRY, THE SEC-OND SCENARIO); Sir-Tech Software. This is the fantasy role playing simulation sequel to Wizardry (Scenario Number One). Venture now into another mysterious maze, full of danger for the unwary adventurer. The scenario is for experienced Wizardry players. In fact, your characters will have to be 13th level just to survive! Note: This package is a scenario for experienced players and requires characters developed for the first Wizardry scenario, Proving Grounds Of The Mad Overlord. For Apple.

> **CIRCLE #179 ON** READER SERVICE CARD



THE MASK OF THE SUN: Ultrasoft. This is the premier release in a series of animated adventure computer games from the firm. The player is Dakota Smith, an archaeologist, adventurer and treasure hunter, who begins a quest for the artifact/legend Mask Of The Sun. You begin the search in Tibet but eventually wind up in South-Central Mexico. Along the way Dakota experiences hair-rising, lifethreatening adventures. But the prize is worth it: it's solid gold and gives the wearer invincibility. For Apple with 48K

> CIRCLE #180 ON READER SERVICE CARD



FAST FOOD: Telesys. Dig fast food? You'll love this. Burgers, fries, pizzas, shakes and other goodies fly by at hypergastronomical speeds. You and Mr. Mouth have to catch them if you can. Naturally, the more the calorie count, the more points you score. But the more calories vou consume. the faster the food flies. Beware the purple pickles, though! Too many of those and you get video game indigestion. Atari and Sears VCS compatible.

CIRCLE #181 ON READER SERVICE CARD



MAD-NETTER: Computer Magic. Sounds easy enough. You're the 'madnetter' and you're trying to collect as many butterflies as you can. Butterflies are worth a juicey 300 points apiece. Enter, though, black killer bees; slithery, venemous snakes and mad dogs-all chasing you! The skill level increases every 20 seconds. Naturally, in this chase and be-chased game, the more elusive you are while still catching butterflies, the more points you rack up. For Atari 400/800 with 16K.

CIRCLE #182 ON READER SERVICE CARD



JEEPERS CREEPERS: Quality Software. Beware of lethal stings from wasps in this game. The stings thwart the player's bug from filling in boxes to earn points in this maze-arcade game. Once the player draws lines around squares containing the image of a beetle, a wasp-eating beetle appears to combat those wasps. One of the three squares has a secret. super, friendly beetle, which unearthed eats more than one wasp at a time. Fill in the whole maze and go on to another more difficult maze. Nail-biting arcade excitement for the Atari 400 and 800 with 32K.

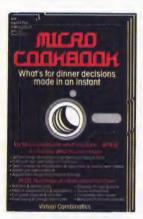
CIRCLE #183 ON READER SERVICE CARD



SPIDER INVASION: Cosmi Corp. In the begin-

ning, it seemed like an ordinary trek for a "spelunker." But on one of your deeper expeditions you discover a vast underground rock shelter teeming with deadly arachnids. A kingdom of deadly spider mutants is threatening to overtake the earth. Only you and a photon laser beam can intercede. Spiders, rapidly hatching eggs and finally the nest must be destroyed. A final word of caution. Beware the colossal 'mother spider.' For Atari 400/800.

CIRCLE #184 ON READER SERVICE CARD



MICRO COOKBOOK: Virtual Combinatics. The symptoms are hunger pangs, but the play action is not in the refrigerator. Turn on the computer, tell it the ingredients you have on your shelf and up comes a recipe. This guide to cooking also includes a calorie and nutrition guide, table of measurements and equivalents, food buying and storage techniques, glossary of cooking terms and on-line instructions as well as several recipes. For the Apple II Plus ROM Applesoft DOS 3 3

CIRCLE #185 ON READER SERVICE CARD

MOOSTER MASH



MONSTER MASH: The Software Farm. It's a graveyard arcade-smash game as the player tries to keep the monsters inside the graveyard. But the monsters wise up to the player's plan and sneak up on the player in groups of 10. Only quick reflexes and the player's "Monster Masher System" will combat those fiendish ghouls. Successfully keeping the beasts back, only starts them coming faster and faster in increasing numbers. Requires 48k, and an Apple II or Apple III computer.

CIRCLE #186 ON READER SERVICE CARD

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BEST SELLERS



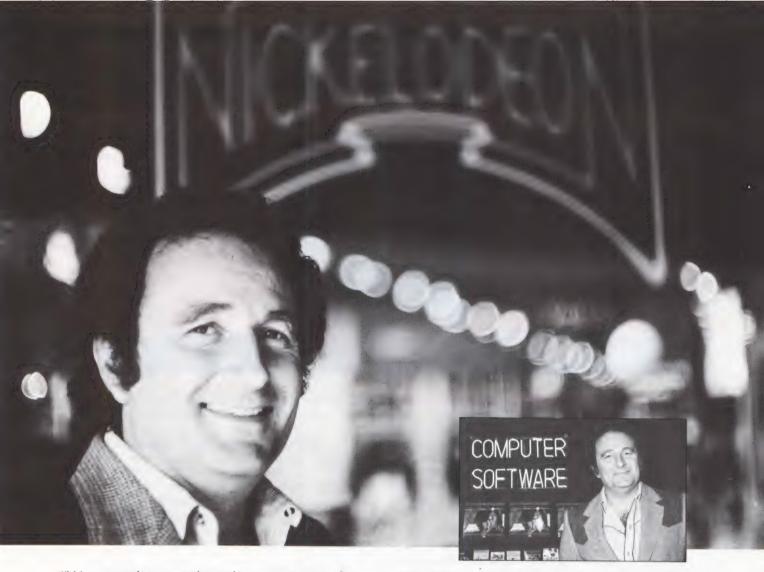
VIDEO GAMES

- 1. PITFALL—Activision. Subtitled "Pitfall Harry's Jungle Adventure," this new David Crane-authored game is in the true adventure genre. The player directs Pitfall Harry in a search for secret riches. Along the way he encounters a variety of dangers. Points are given for finding treasures—such as gold and silver bars, money bags and diamond rings. Its popularity has shot it, a new entry, to the top of the chart this month. Atari VCS compatible.
- 2. DONKEY KONG—Coleco. Still hanging at number two this month, Donkey Kong continues to rack up tremendously strong retail sales. Donkey Kong kidnaps Mario's girlfriend and esconces himself atop a steel fortress. The player attempts to maneuver Mario to the rescue but Kong hurls fireballs and barrels in his way forcing him to jump, climb ladders and scramble. Colecovision, VCS and Mattel Intellivision compatible.
- **3.** FROGGER-Parker Bros. Player must maneuver a frog over several lanes of highway. If trucks or cars don't squash it, it then must make it over a river inhabited by crocodiles. Atari VCS compatible. And still holding at the number three position.
- **4.** E.T./THE EXTRA TERRESTIAL—Atari. Another new entry on the chart this month, this is the film-to-video-game-transition. The charming little space creature must find the three pieces of his interplanetary telephone, call his ship, be guided to the landing pad and "go home." The familiar characters, such as Elliott and the FBI agents are there as well. Atari VCS compatible.
- **5. BERZERK—Atari.** This still popular game drops from the number one position last issue to five this time. Primarily a combination maze and shooting game.

Best-selling software programs across the country based on retail sales volume as surveyed by Software Merchandising.

- **6.** RAIDERS OF THE LOST ARK—Atari. Another new entry this issue, this, too, is a film-to-videogame-transition. The player is Indiana Jones, and he is pursuing of the Ark Of The Lost Covenant. Atari VCS.
- 7. ADVANCED DUNGEONS & DRAGONS— Mattel Intellivision. The object is to lead a three man expedition through winding mountain caverns in search of tools and arrows. Deadly monsters lie in wait and your ultimate goal is to find the Crown of Kings and eliminate the deadliest terror of all, the Winged Dragons. Another new entry this issue. For the Intellivision Master Console.
- **8.** ZAXXON—Coleco. When the firm claims that this popular arcade-to-video cartridge game "plays, sounds and scores like the arcade game," they are not kidding. The 3-D space battle game puts the player on control of a futuristic spaceship which zooms over an alien asteroid, diving down to bomb enemy fighter planes and attack the enemy's installations. Colecovision compatible. Another new entry.
- **9.** SWORDQUEST/EARTHWORLD—Atari. The industry's first multi-part video game, the object is not merely to rack up as many points as possible, but rather work your way through a series of mazes and various obstacles to accomplish some given task. The first of four cartridges (the others will be *Fireworld*, *Waterworld* and *Airworld*), information gleaned from one game will help the player solve the next. Net result for one lucky consumer is the "Sword of Ultimate Sorcery" worth \$50,000! A strong new entry. Atari VCS compatible.
- **10.** PAC-MAN—Atari. Pac-Man isn't dead. He's alive and well and maybe the industry's first major catalog staple. Atari VCS compatible.

104 Software Merchandising January 1983



"We consider ourselves the premiere software entertainment store in Los Angeles with records, tapes, videodisks, videocassettes and videogames."

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COMPUTER GAMES

- 1. CHOPLIFTER—Broderbund Software. You're the pilot of a helicopter that must rescue four groups of hostages in a foreign land. Tanks, jet fighters, and air mines all attempt to stop the rescue mission—which gets harder every time you go back to pick up another group. Hi-resolution and simulated 3-D graphics are used. For Atari 400/800 with 48K, and Apple II or Apple II Plus with 48K. Joystick required.
- **2.** FROGGER—Sierra On-Line. You've got to get your frog across the road, over several lanes of highway. If you don't get him squashed, then you've got to jump him across lily pads, away from the crocodiles. For Atari 400/800, 32K.
- **3.** BANDITS—Sirius Software. The player must protect his intergalactic pile of supplies—but aliens using heat-seeking bullets, napalm bombs and bouncing nerve gas balloons try to destroy you and make off with your supplies. For Atari 400/800 with 32K, and Apple II Plus with 48K.
- **4.** DAVID'S MIDNIGHT MAGIC—Broderbund. One of the first pinball games translated into a home computer format. All of the bumpers, flippers, and scoring is modeled after the real thing. For Atari 400/800, and Apple II Plus.
- **5.** CASTLE WOLFENSTEIN—Muse. You're a soldier during World War II, captured and brought back for interrogation. You're secretly handed a loaded pistol by a dying cellmate, and must then capture hidden war plans in the castle—without being shot or recaptured. For Apple II Plus with 48K.
- **6. SHAMUS—Synapse.** You're the detective on the case—but watch out! As you move from room to

room, you might get shot at. A fast action, arcadestyled game in the genre of *Berzerk*. For Atari 400/800.

- **7.** WIZARDRY—Sir Tech Software. You can choose from 5 races and 8 professions to create up to 6 characters, each with their own strengths and weaknesses. These characters explore a dungeon, fighting groups of monsters, casting spells, finding treasure and magic items, and clues to solve the puzzle presented in each scenario. For Apple II or Apple II Plus, with 48K.
- **8.** PREPPIE—Adventure International. The preppie in question—Wadsworth Overcash—must cross a golf course filled with lawn mowers to retrieve a golf ball. Successive adventures carry him across a lake and increasingly more difficult obstacles, including bulldozers. For Atari 400/800, 16K cassette and 32K disc.
- **9.** CANYON CLIMBER—Datasoft. You've got to get out of the Grand Canyon on your burro—but watch out for the rocks and swooping birds. An arcadestyled game, in the genre of arcade success *Donkey Kong.* For Atari 400/800.
- **10.** TEMPLE OF APSHAI—Automated Simulations. One of the first role-playing adventure games for the personal computer market, this game involves a four-level dungeon. You wander through, building on the strengths of your created character, in an attempt to gather all 20 available treasures. An innkeeper sells you weapons, armor, and healing salves. For Apple II or Apple II Plus with 48K, or IBM Personal Computer.

Best-selling software programs across the country based on retail sales volume as surveyed by Software Merchandising.

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1983 Editorial Calendar

The editorial focus of Software Merchandising is responsive to those actively engaged in selling recreational, educational and personal productivity software for the home: the retailers themselves. Retailers and distributors, not just manufacturers, are interviewed for all our monthly features: Softrends; Sales Report; Computers; Education; Arcades; Marketing; and Books. Other regular monthly features include Best Sellers; New Products; Softech; and Merchandiser's Notebook. In addition to our regular editorial coverage, the following features are scheduled for 1983:

JANUARY	Software Forecast: 1983. The outlook – and challenges – for recreational, personal productivity and educational software for the first half of the year. A complete analysis. Growth Of The Software Specialist. The rise of the specialty computer software retailer and their impact on the marketplace. BONUS DISTRIBUTION AT CONSUMER ELECTRONICS SHOW, LAS VEGAS, NEVADA, JAN. 6-9, 1983.			
FEBRUARY	Computers In Toyland. The toy store has become successful with videogame software and hardware. Will the force be with them for com software and hardware? Also: New trends in both computer and videogame cartridge software – the electronic toys of the future. Personal Productivity Prosperity. The boom in home management software; income tax assistance and beyond. BONUS DISTRIBUTION AT TOY FAIR, NEW YORK CITY, FEB. 7-16, 1983.			
MARCH	Hollywood Sequel. Update on entertainment companies moving into videogames and computer software. How successful? Myriad Multi-Media. The explosion of blank media and formats. Diskette, cartridge, cassette — is there enough to go around? BONUS DISTRIBUTION AT INTERNATIONAL TAPE/DISC ASSN., HOLLYWOOD, FL, MARCH 6-9, 1983.			
APRIL	Software Distribution. The broadening retailer mix and type for marketplace dominance – specialist, video store, record merchant, mass chandiser, bookstore, toy store, direct marketer. Perils Of Piracy & Counterfeiting. What are the industry problems and how are they being solved?			
MAY	Beyond The Keyboard. The explosion in peripheral software and hardware products – joysticks, controllers, storage devices, etc. – and how software retailer can cash in. Arcades Today. Is the arcade phenomenon still as strong? Are they still the breeding ground for successful computer and videogames?			
JUNE	Second Half Forecast. A manufacturer/marketing/retailer recap of the first six months – and predictions about the last half the year. Home Computing & Consumer Electronics. How have audio and video companies globally expanded their product mix and philosophies to the home software book? Will it cause major marketing and distribution upheavals? BONUS DISTRIBUTION AT CONSUMER ELECTRONICS SHOW, CHICAGO, IL, JUNE 5-8, 1983.			
JULY	Computer Software Update. A mid-year look at new software in relation to new generation personal computers. Is software keeping pace with hardware technology? Hardware Sales For Soft Furniture. Furniture for home software and hardware dealers is taking off – plus dollars for dealers.			
AUGUST	Educational Software: The New Frontiers. Major and minor suppliers are developing this surging market. The school-store-home conner The student as software consumer. Word processing. Back-to-school software. Software & Books. An extended look at computer software and videogame books. New titles and reviews. Books as tools and profit censoftware retailers.			
SEPTEMBER	Seasonal Software. How should retailers approach the pre-Christmas/Fall selling season? Software as a new breed of gift. Sales Training. Focus on effective demonstration and sales techniques for moving various types of software.			
OCTOBER	Sporting Software. Complete computer and cartridge sports game wrapup. New types, new players, new techniques. The Olympics connection. Games on cable? Also: new breeds such as business games. Computer/Game Marriage. Have videogame consoles taken on computer-like sophistication? Or have personal computers and videogames remained separate and distinct markets? Have other hybrids formed?			
NOVEMBER	Special Interest Software. The A to Z of specialty software – from religious to foreign language to erotica. What markets and how viable? Software Stocking Stuffers. Late breaking software and accessories to sweeten the Christmas selling push.			
DECEMBER	ANNUAL SOFTWARE DIRECTORY ISSUE.			

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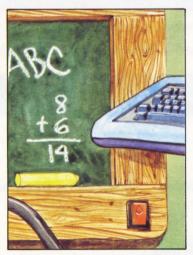
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MARCH ISSUE IN SOFTWARE MERCHANDISING



SOFTWARE AND SCHOOLS

HOLLYWOOD SEQUEL. The movie studios, as well as other entertainment companies, have entered the software business in a big way. How successful? What's set to premiere?

MYRIAD MULTI-MEDIA. The explosion of blank media and formats. Diskettes, cartridges, cassettes—is there enough to go around?

SOFTWARE AND SCHOOLS. A look at what various school systems around the country are doing with personal computers and educational software in the classroom. How fast is it moving?

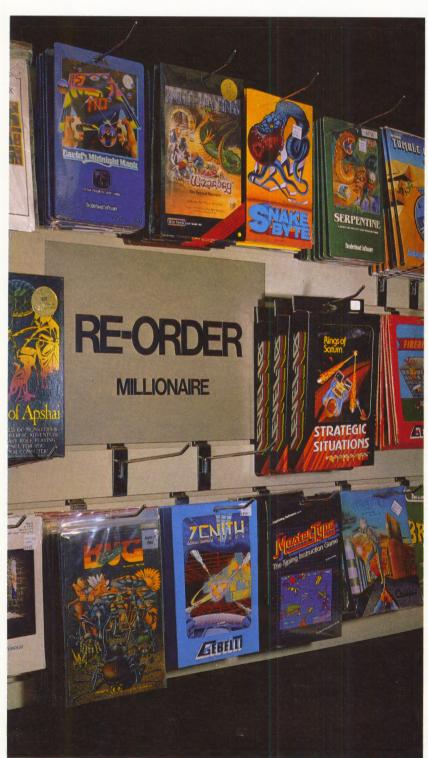
ARCADES AMERICAN STYLE. Arcades housed in old-time movie theatres, newly renovated houses and other unique locations are popping up all over the U.S. Will they also become software retailing outlets?

THE BOOKSTORE-SOFTWARE CONNECTION. How deeply are the major bookstore chains moving into retailing software-related books and even software itself?

GLOBAL SOFTWARE. What is the market potential and penetration of software outside the U.S.? An examination of both manufacturer and retailer influence in foreign markets.

PLUS: Bonus distribution at ITA Convention.
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